

FORMAL COMPLAINT

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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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WILLIAM A. MUNDELL
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MIKE GLEASON
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AZ CORP COMMISSION
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LAZ

E-04230A-04-0798

IN THE MATTER OF THE
COMPLAINT OF MOHAVE
ELECTRIC COOPERATIVE, INC.
AGAINST UNISOURCE ENERGY
CORPORATION

) DOCKET NOS. E-04230A-04-
) E-01750A-04-

COMPLAINT

Mohave Electric Cooperative, Inc., an Arizona not for profit rural

electric cooperative ("Mohave"), by and through its Counsel undersigned, hereby files
its complaint against UniSource Energy Corporation (formerly known as Citizens
Utilities) pursuant to A.R.S. §§ 40-202, 40-203, 40-246, 40-281, 40-322, 40-421 and
A.A.C. R14-3-101et seq. and in support thereof alleges as follows:

1. Mohave is an Arizona rural electric cooperative certificated by the
Arizona Corporation Commission (the "Commission") to provide electric services in
sections of Mohave County, portions of Yavapai County, and portions of Coconino
County.

2. In furtherance of the public interest and in performance of its
obligations as a Public Service Corporation, Mohave has constructed and is
constructing electric distribution lines, plant systems and metering facilities, and is

LAW OFFICES

MARTINEZ & CURTIS, P.C.
2712 NORTH 7TH STREET
PHOENIX, AZ 85006-1090
(602) 248-0372

1 ready, willing and able to serve customers in accordance with the rules and
2 regulations of the Commission in the areas within its certificated area.

3 3. By Decision No. 58798, dated October 14, 1994, the Commission
4 transferred a portion of Citizens Utilities Company's (Citizens) Certificate of
5 Convenience and Necessity ("CC&N") consisting of approximately 1,047 acres of
6 land in Sections 4, 5 and 9, Township 20 North, Range 17 West, Mohave County,
7 Arizona (the "Transferred Area") to Mohave. A copy of Decision No. 58798 is
8 attached as Exhibit 1.
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11 4. Mohave acquired the Transferred Area in order to provide electric
12 service to lands being developed by North Star Steel Company ("North Star"). The
13 Commission approved the service agreement between Mohave and North Star by
14 Decision No. 58795, dated October 14, 1994.
15

16 5. Since October 14, 1994, Mohave has been the sole power supplier of
17 all customers located in the Transferred Area, including, without limitation, North
18 Star and a few commercial customers, such as Roadrunner Trucking. However,
19 Mohave purchased power from Citizens for resale in the Transferred Area. In order to
20 make power purchases from Citizens, Mohave provided Citizens \$25,942.22 as a
21 contribution in aid of construction in exchange for which Citizens constructed the
22 necessary primary distribution and metering facilities.
23
24

25 6. Citizens provided service to Mohave until approximately 2002, when
26

1 North Star and the surrounding commercial customers halted business, at least
2 temporarily, and power purchases from Citizens became, temporarily unnecessary.

3 7. On March 3, 2003, after first filing an application with FERC for
4 approval of its sale to UniSource Energy Corporation ("UniSource"), Citizens
5 Communications Company made a summary filing of its retail Rate Schedules 45 and
6 46 with the Federal Energy Regulatory Commission ("FERC"). A copy of the Citizens
7 filing with FERC is attached as Exhibit 2. Citizens represented to FERC that, in
8 addition to temporary North Star construction power, it provided Mohave power "to
9 serve a few additional commercial customers (a few construction trailers and a
10 trucking company, Roadrunner Trucking)" representing retail loads of between 100-
11 200 kW. Citizens retail Rate Schedules 45 and 46, which now under UniSource may
12 also include a surcharge to recover Enron related losses, may exceed Mohave's
13 current retail rates.
14

15 8. Citizens' Certificate and electric operations in Arizona have been
16 acquired by and transferred to UniSource.
17

18 9. In or about May of 2004, Central Trucking ("CTI") approached
19 Mohave about receiving electric service at the facilities previously operated by
20 Roadrunner Trucking located in the Transferred Area. In July of 2004, Mohave
21 received an executed Engineering Services Agreement and deposit for service from
22 CTI. Shortly thereafter, Mohave contacted UniSource and requested re-establishment
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1 of primary metering at the location where it had previously received service from
2 Citizens and to provide wholesale service under an Open Access Transmission Tariff
3 ("OATT"). After waiting more than a month for UniSource to activate service,
4 Mohave made a written request for service. A copy of the September 12, 2004
5 request is attached as Exhibit 3.
6

7 10. UniSource has refused to initiate service to Mohave and by letter
8 dated October 6, 2004 has stated its intent to instead file an application with the
9 Commission to "reclaim" the Transferred Area. A copy of the October 6, 2004 letter
10 from T. Ferry, V.P. and General Manager of UniSource to T. Longtin of Mohave is
11 attached as Exhibit 4.
12

13 11. On October 18, 2004, CTI filed a request for Commission assistance
14 stating, in part: "In summary, Unisource [sic] wants this territory and is holding
15 Mohave at a ransom to provide service to us. We are tired of being caught in the
16 middle of a territory struggle. We cannot afford to run new lines at the cost of
17 \$600,00.00." A copy of the October 18, 2004 letter to J. Woller is attached as
18 Exhibit 5.
19
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21 12. UniSource is unilaterally and arbitrarily refusing to furnish Mohave
22 electric energy. UniSource is holding a prospective Mohave customer in need of
23 immediate service hostage, while UniSource pursues its intent to "reclaim" the
24 Transferred Area.
25
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1 13. Mohave has made a good faith effort to resolve the matter with
2 UniSource. Mohave first requested service under an OATT. UniSource has refused
3 to provide such service. Mohave then offered to negotiate a system-wide border area
4 agreement with UniSource in good faith, whereby a process would be established to
5 allow UniSource and Mohave to temporarily serve the other's customers on the
6 fringes of their respective service areas, where such service makes economic sense to
7 the prospective customer and the respective utilities. UniSource has refused to
8 consider a system-wide border area agreement. Mohave has also indicated a
9 willingness to extend Mohave's facilities under Mohave's extension policy, but such
10 improvements are estimated to cost CTI approximately \$600,000.00.

13 14. As yet another alternative, Mohave would be willing to accept
14 service from UniSource under its Rate Schedules 45 and 46, provided the Commission
15 authorizes Mohave to collect through a surcharge from CTI the actual costs incurred
16 by Mohave, including a reasonable margin if these UniSource rates exceed Mohave's
17 cost of power. Otherwise, Mohave's customers would be subsidizing the service to
18 CTI.

20 15. UniSource's activities with respect to CTI are calculated to interfere
21 with the certificated area of Mohave and the contractual relationship between CTI and
22 Mohave in violation of Mohave's constitutionally protected property rights embodied
23 by the grant of a CC&N.

1 16. The actions of UniSource, as specified above, threaten to cause
2 immediate irreparable injury, loss and damage to Mohave and Mohave's customers, to
3 wit: the alienation of property owners within Mohave's certificated area, the
4 infringement upon Mohave's certificated area by another Public Service Corporation,
5 and compelling one (1) customer, CTI, to either forego service or pay \$600,000 for
6 the installation of a transmission line that can be avoided if UniSource will just
7 provide service to Mohave under its Rate Schedules 45 and 46.
8
9

10 17. The power needs of CTI are immediate, and all of the injuries which
11 have occurred and are occurring as referenced above are uncompensable after the fact;
12 therefore, Mohave seeks an Order from the Commission compelling UniSource to: a)
13 provide service to Mohave and permitting Mohave to recover the cost thereof,
14 including a reasonable margin, or b) negotiate, in good faith, a mutually acceptable
15 system-wide border area agreement with Mohave.
16

17 18. The names, mailing addresses and telephone numbers of the persons
18 upon whom service of all documents may be made are:
19

20 Michael A. Curtis
21 William P. Sullivan
22 K. Russell Romney
23 Martinez & Curtis, P.C.
24 2712 North Seventh Street
25 Phoenix, Arizona 85006-1090
26 (602) 248-0372
 E-Mail: mcurtis401@aol.com
 wsullivan@martinezcurtis.com
 rromney@martinezcurtis.com

1 WHEREFORE, Mohave Electric Cooperative, Inc. requests the Arizona
2 Corporation Commission:

- 3 1. After notice and opportunity to be heard, order UniSource to provide
4 service to Mohave and allow Mohave to collect from CTI any excess
5 power costs through a surcharge, plus a reasonable margin, until an
6 OATT can be established by UniSource or until Mohave serves its
7 consumer directly;
8
9 2. Order UniSource to negotiate in good faith with Mohave to establish
10 a system-wide border area agreement;
11
12 3. Establish such procedures as are reasonable and necessary to
13 expeditiously resolve this matter; and
14
15 4. Grant such further relief as the Commission deems just and
16 necessary.

17 RESPECTFULLY SUBMITTED, this 5th day of November, 2004.

18
19 MARTINEZ & CURTIS, P.C.

20
21 By 

22 Michael A. Curtis
23 William P. Sullivan
24 K. Russell Romney
25 2712 North Seventh Street
26 Phoenix, Arizona 85006-1090
Attorneys for Mohave Electric
Cooperative, Inc.

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**PROOF OF AND
CERTIFICATE OF MAILING**

I hereby certify that on this 5th day of November, 2004, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and fifteen (15) copies of the above to:

Docket Control Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

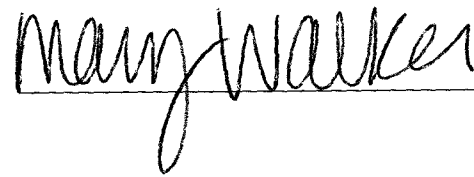
**Copies of the foregoing mailed
this 5th day of November, 2004 to:**

Thomas Ferry
Vice-President & General Manager
UniSource Energy Corporation
2498 Airway Avenue
P.O. Box 3099
Kingman, Arizona 86402-3099

Geneva Davis,
Controller
Central Trucking, Inc.
11930 N. Hartman Drive
Edinburgh, Indiana 46124

Christopher C. Kempley, Chief Counsel
Legal Division - Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Janie Woller
Consumer Services - Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007



BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

MARCIA WEEKS
CHAIRMAN
RENZ D. JENNINGS
COMMISSIONER
DALE H. MORGAN
COMMISSIONER

SEP 14 1994

DOCKETED BY

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IN THE MATTER OF THE TRANSFER OF A) DOCKET NO. E-1032-94-293
PORTION OF CITIZENS UTILITIES) DOCKET NO. U-1750-94-293
COMPANY'S CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO) DECISION NO. 58798
MOHAVE ELECTRIC COOPERATIVE, INC.)
)
) OPINION AND ORDER

DATE OF HEARING: September 16, 1994

PLACE OF HEARING: Phoenix, Arizona

PRESIDING OFFICER: Lyn Farmer

APPEARANCES: Mr. Raymond S. Heyman, O'CONNOR, CAVANAGH,
ANDERSON, WESTOVER, KILLINGSWORTH &
BESHEARS, on behalf of Mohave Electric
Cooperative, Inc.; and

Ms. Beth Ann Burns, Senior Counsel -
Arizona, on behalf of Citizens Utilities
Company; and

Mr. Michael Grant, JOHNSTON, MAYNARD, GRANT
& PARKER, on behalf of Arizona Electric
Power Cooperative; and

Mr. Phillip L. Chabot, Jr., and Ms. Sandra
E. Rizzo, BRICKFIELD, BURCHETTE & RITTS,
P.C., and Mr. Patrick J. Paul, GALLAGHER &
KENNEDY, on behalf of North Star Steel
Company; and

Ms. Janice Alward and Mr. Bradford A.
Borman, Attorneys, Legal Division, on behalf
of the Utilities Division of the Arizona
Corporation Commission.

BY THE COMMISSION:

On August 23, 1994, Mohave Electric Cooperative, Inc. ("Mohave
Electric") filed with the Arizona Corporation Commission
("Commission") an Application to Transfer a Certain Portion of the
Certificate of Convenience and Necessity of Citizens Utilities Company

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DOCKET NO. E-1032-94-293 ET AL.

1 ("Citizens") to provide electric utility service to Mohave Electric.
2 By Procedural Order issued August 29, 1994, the hearing on the
3 above-captioned matter was set for September 16, 1994. On September
4 7, 1994, Citizens filed its Motion to Intervene, Motion for
5 Continuance, and Motion for Correction of Docket Number. On September
6 9, 1994, Arizona Electric Cooperative, Inc. ("AEPCO") filed its Motion
7 to Intervene, and Mohave Electric filed its Response to Citizens'
8 Motions. On September 12, 1994, Citizens filed its Reply and North
9 Star Steel Company ("North Star") filed its Motion to Intervene. On
10 September 13, 1994, the Commission's Utilities Division Staff
11 ("Staff") filed its Staff Report in this matter. Staff recommended
12 approval of the application following a hearing. By Procedural Order
13 issued September 14, 1994, Citizens was granted intervention.
14 Intervention was granted to AEPCO and North Star at the commencement
15 of the hearing.

16 The hearing was held as scheduled and no members of the public
17 were present to make public comment. No objections concerning the
18 application were received by the Commission or by Mohave Electric.
19 Mr. Robert Broz testified on behalf of Mohave Electric, and Mr.
20 Patrick Williams testified on behalf of Staff. The matter was taken
21 under advisement pending submission to the Commission of a Recommended
22 Opinion and Order by the Presiding Officer.

23 * * * * *

24 Having considered the entire record herein and being fully
25 advised in the premises, the Commission finds, concludes, and orders
26 that:

27 . . .

28 . . .

FINDINGS OF FACT

1
2 1. Mohave Electric is an Arizona nonprofit electric cooperative
3 providing electric utility service to the public in portions of Mohave
4 County, Arizona, pursuant to authority granted by the Commission.

5 2. Citizens is a Delaware corporation engaged in the business
6 of providing electric utility service to the public in portions of
7 Mohave County, Arizona, pursuant to authority granted by the
8 Commission.

9 3. North Star Steel Company, a corporation organized and
10 operating pursuant to the laws of Minnesota, intends to build a mini-
11 mill steel recycling facility on approximately 1,047 acres of land
12 near Kingman, in Mohave County, Arizona ("plant site").

13 4. The North Star plant site is located within Citizens'
14 certificated service area, but no electric service is currently
15 provided to any customer within the plant site.

16 5. In approximately 1991, North Star approached Citizens
17 requesting electric service for the proposed plant, but was unable to
18 reach agreement regarding the provision of electric service.

19 6. In approximately April 1994, North Star approached Mohave
20 Electric and requested Mohave Electric arrange to provide electric
21 service to the plant.

22 7. Mohave Electric and North Star obtained consent from
23 Citizens for Mohave Electric to serve the electric load to the plant
24 site, subject to six conditions.¹

25 8. On August 23, 1994, Mohave Electric filed its Application to
26
27

28 ¹ See Exhibit A-1, May 3, 1994 letter attached to the
Application.

1 Transfer a Portion of a Certificate of Convenience and Necessity
2 ("Application").

3 9. On September 1, 1994, Mohave Electric provided notice of the
4 Application and hearing, and the hearing was held as scheduled on
5 September 16, 1994.

6 10. Staff filed a Staff Report on September 13, 1994,
7 recommending approval of the Application subject to the following
8 conditions: that Citizens agree to the transfer; and that the
9 Commission approve the Non-Firm Electric Service Agreement Among
10 Mohave Electric Cooperative, Inc., Arizona Electric Power Cooperative,
11 Inc., and North Star Steel Company ("Agreement").

12 11. Service to the plant site will be provided by wheeling the
13 power over the Western Area Power Administration's ("Western") 230 kV
14 transmission system to Western's McConnico switching station, through
15 facilities owned by AEPCO and by Mohave Electric, to the Harris
16 substation which will be owned by North Star.

17 12. According to the Staff Report, when the plant is fully
18 operational, 250 people will be employed, with an annual payroll of
19 approximately \$11 million.

20 13. Staff found that Mohave Electric is capable of serving the
21 plant site; that the transfer will facilitate construction of the
22 manufacturing plant; and that the regional economy should benefit by
23 the presence of the manufacturing plant.

24 14. Staff found that approval of the Application to be in the
25 public interest.

26 15. On September 15, 1994, the Agreement was filed with the
27 Commission², and was approved in Decision No 58795 (October 14, 1994).

28 ² See Docket Nos. U-1750-94-323 and U-1773-94-323.

CONCLUSIONS OF LAW

1
2 1. Mohave Electric and Citizens are public service corporations
3 within the meaning of Article 15 of the Arizona Constitution and
4 A.R.S. Sections 40-281 et seq.

5 2. The Commission has jurisdiction over Mohave Electric and
6 Citizens and over the subject matter of the Application.

7 3. There is a need for electric utility service at the North
8 Star plant site.

9 4. Mohave Electric is a fit and proper entity to receive the
10 Certificate for this plant site.

11 5. Approval of the Application is in the public interest.

12 6. The Application should be granted.

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ORDER

IT IS THEREFORE ORDERED that the Application of Mohave Electric Cooperative, Inc., is hereby approved and the portion of Citizens Utilities Company's Certificate of Convenience and Necessity as described in the attached Exhibit A, is hereby transferred to Mohave Electric Cooperative, Inc.

IT IS FURTHER ORDERED that notwithstanding any agreement among any parties to this proceeding, the portion of Citizens Utilities Company's Certificate of Convenience and Necessity described in the attached Exhibit A, which is being transferred hereby to Mohave Electric Cooperative, Inc., shall not revert to Citizens Utilities Company under any circumstances without prior Commission approval.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

[Signature]
CHAIRMAN

[Signature]
COMMISSIONER

[Signature]
COMMISSIONER

IN WITNESS WHEREOF, I, JAMES MATTHEWS, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 14 day of October, 1994.

[Signature]
JAMES MATTHEWS
EXECUTIVE SECRETARY

DISSENT
LF

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1 SERVICE LIST FOR:

CITIZENS UTILITIES COMPANY and
MOHAVE ELECTRIC COOPERATIVE, INC.

2 DOCKET NOS.:

3 E-1032-94-293 and U-1750-94-293

4 Raymond S. Heyman
5 O'CONNOR, CAVANAGH, ANDERSON,
6 WESTOVER, KILLINGSWORTH & BESHEARS
One East Camelback Road, Suite 1100
Phoenix, Arizona 85012-1656

7 Beth Ann Burns
8 Senior Counsel - Arizona
9 CITIZENS UTILITIES COMPANY
2901 North Central Avenue
Suite 1660
Phoenix, Arizona 85012

10 Michael M. Grant
11 JOHNSTON, MAYNARD, GRANT & PARKER
3200 North Central Ave., Suite 2300
12 Phoenix, AZ 85012

13 Charles A. Bischoff, Esq.
14 GALLAGHER & KENNEDY
2600 North Central Avenue
Phoenix, Arizona 85004-3020
15 Attorney for North Star Steel Company

16 Philip L. Chabot
Sandra E. Rizzo
17 BRICKFIELD, BURCHETTE & RITTS, P.C.
1025 Thomas Jefferson Street, NW
18 Suite 800 - West Tower
Washington, DC 20007
19 Attorney for North Star Steel Company

20 Paul A. Bullis, Chief Counsel
Janis Alward, Staff Attorney
21 Bradford A. Borman, Staff Attorney
Legal Division
22 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
23 Phoenix, Arizona 85007

24 Gary Yaquinto, Director
Utilities Division
25 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
26 Phoenix, Arizona 85007

EXHIBIT A

LEGAL DESCRIPTION "F-1"

A parcel of land located in the West Half and the West Half of the East Half of Section 4, the Southeast Quarter and Government Lot 9 of Section 5, and the Northwest Quarter of Section 9 all in Township 20 North, Range 17 West of the Gila and Salt River Meridian, Mohave County, Arizona and said parcel of land being more particularly described as follows:

BEGINNING at the Southeast Corner of said Section 5, and running thence, North $89^{\circ}47'47''$ West, along the South Line of said Section 5, a distance of 1847.73 feet to a point lying Southeasterly 100.00 feet at a right angle to the centerline of the existing West bound main track of the Atchison, Topeka and Santa Fe Railway Company;

Thence, North $32^{\circ}54'09''$ East, along a line being Southeasterly 100.00 feet and parallel to the centerline of said West bound main track, a distance of 3395.41 feet to a point common to the East Line of said Section 5 and the West Line of said Section 4;

Thence, continuing North $32^{\circ}54'09''$ East, along the line being Southeasterly 100.00 feet and parallel with the centerline of said West bound main track, 2582.07 feet to a point of curvature of a curve to the right having a radius of 5629.65 feet;

Thence, Northeasterly, 569.02 feet, along the arc of said curve through a central angle of $05^{\circ}47'28.5''$ to a point on the Southwesterly Boundary of the Unawep Patented Mineral Claim as delineated by U.S. Mineral Survey 2750;

Thence, South $38^{\circ}12'00''$ East, along the Southwesterly Boundary of said Unawep Mineral Claim, 1064.18 feet to the Southeasterly Corner thereof;

Thence, North $51^{\circ}48'33''$ East, along the Southeasterly Boundary of said Unawep Mineral Claim, 300.02 feet to a point being the Northwestern Corner of the Cadillac Patented Mineral Claim as delineated by U.S. Mineral Survey 2750;

LEGAL DESCRIPTION "F-1"
PAGE TWO OF TWO

Thence, South $37^{\circ}59'27''$ East, along the Southwesterly Boundary of said Cadillac Mineral Claim, 66.55 feet to a point being Northwesterly 100.00 feet at a right angle to the centerline of the East bound main track of the Atchison, Topeka and Santa Fe Railway Company;

Thence, South $11^{\circ}44'40''$ West, along a line being westerly 100.00 feet and parallel to the centerline of said East bound main track, a distance of 307.09 feet to a point of curvature of a curve to the left having a radius of 2964.93 feet;

Thence, Southwesterly 831.27, along the arc of last said curve through a central angle of $16^{\circ}03'50''$ to the point of tangency of said curve;

Thence, South $04^{\circ}19'10''$ East, along a line being westerly 100.00 feet and parallel to the centerline of said East bound main track, 2081.46 feet to a point of curvature of a curve to the right having a radius of 2764.93 feet;

Thence, Southwesterly 1420.64, along the arc of last said curve through a central angle of $29^{\circ}26'20''$ to the point of tangency of said curve;

Thence, South $25^{\circ}07'10''$ West, along a line being westerly 100.00 feet and parallel to the centerline of said East bound main track, 215.18 feet to a point being common to the South Line of said Section 4 and the North Line of said Section 9;

Thence, South $25^{\circ}07'10''$ West, along a line being westerly 100.00 feet and parallel to the centerline of said East bound main track, 2917.39 feet to a point on the South Boundary of the Northwest Quarter of said Section 9;

Thence, South $89^{\circ}58'03''$ West, along said South Boundary, 1113.23 feet to the West One-quarter (W1/4) Section Corner of said Section 9;

Thence, North $00^{\circ}14'02''$ West, along the West Line of said Section 9, a distance of 2638.64 feet to the POINT OF BEGINNING.

The parcel of land herein described containing 433.54 acres, more or less.

LEGAL DESCRIPTION "F-2"

A parcel of land located in Section 9, Township 20 North, Range 17 West of the Gila and Salt River Meridian, Mohave County, Arizona and said parcel of land being more particularly described as follows:

BEGINNING at the Northeast Corner of said Section 9, and running thence, South $00^{\circ}02'37''$ East, along the East Line of said Section 9, a distance of 2641.22 feet to the East One-quarter (E1/4) Section Corner of said Section;

Thence, South $00^{\circ}04'12''$ East, along the East Line of said Section, 2641.10 feet to the Southeast Corner of said Section;

Thence, South $89^{\circ}53'24''$ West, along the South Line of said Section, 2641.36 feet to the South One-quarter (S1/4) Section Corner of said Section;

Thence, North $00^{\circ}14'58''$ West, along the North-South Centerline of said Section 9, a distance of 1322.35 feet to the Southeast Corner of the NE1/4 SW1/4 of said Section;

Thence, North $89^{\circ}58'42''$ West, along the South Boundary of said NE1/4 SW1/4, a distance of 1322.60 feet to the Southwest Corner of said NE1/4 SW1/4;

Thence, North $00^{\circ}15'34''$ West, along the West Boundary of said NE1/4 SW1/4, a distance of 1296.96 feet to point being 100.00 feet Southeasterly at a right angle to the Centerline of the East bound main track of the Atchison, Topeka and Santa Fe Railway Company;

Thence, North $25^{\circ}07'10''$ East, along a line being 100.00 feet Southeasterly and parallel to the Centerline of the East bound main track of said Atchison, Topeka and Santa Fe Railway Company, a distance of 2944.27 feet to a point on the North line of said Section 9;

Thence, North $89^{\circ}54'55''$ East, along said North Line, 51.36 feet to the Northwest corner of the NW1/4 NE1/4 of said Section 9;

LEGAL DESCRIPTION "F-2"
PAGE TWO OF TWO

Thence, South $00^{\circ}14'58''$ East, along the west Boundary of said NW1/4 NE1/4, a distance of 1320.52 feet to the Southwest corner of said NW1/4 NE1/4;

Thence, North $89^{\circ}57'55''$ East, along the South Boundary of said NW1/4 NE1/4, a distance, of 1327.06 feet to the Southeast corner thereof;

Thence, North $00^{\circ}09'08''$ West, along the East Boundary of said NW1/4 NE1/4, 1320.56 feet to the Northeast corner of said NW1/4 NE1/4 of said Section 9;

Thence, North $89^{\circ}57'48''$ East, along the North Line of said Section 9, a distance of 1329.83 feet to the POINT OF BEGINNING.

The parcel of land herein described containing 362.93 acres, more or less.

LEGAL DESCRIPTION "F-3"

A parcel of land located in Government Lots 9 and 10, and the South Half of Section 5, Township 20 North, Range 17 West of the Gila and Salt River Meridian, Mohave County, Arizona and said parcel of land being more particularly described as follows:

Commencing at the Southeast Corner of said Section 5, and running thence, North $89^{\circ}47'47''$ West, along the South Line of said Section 5, a distance of 2085.39 feet to a point lying Northwesterly 100.00 feet at a right angle to the Centerline of the West bound main track of the Atchison, Topeka and Santa Fe Railway Company, and said point being the true POINT OF BEGINNING:

Thence, North $89^{\circ}47'47''$ West, along the South Line of said Section 5, a distance of 545.58 feet to the South One-quarter ($1/4$) Section Corner of said Section 5;

Thence, North $89^{\circ}56'47''$ West, along the South Line of said Section 5, a distance of 318.28 feet to a point being the Easterly most corner to that parcel as described in Book 2176, Pages 737-742, Mohave County Official Records;

Thence, North $32^{\circ}04'52''$ West, along the Easterly Boundary of said parcel being described in said Book 2176, Pages 737-742, a distance of 1222.85 feet to a point;

Thence, South $57^{\circ}55'08''$ West, along the Northwesterly Boundary of said parcel being described in said Book 2176, Pages 737-742, a distance of 1946.45 feet to a point on the South Line of said Section 5;

Thence, North $89^{\circ}56'47''$ West, along said South Line, 21.34 feet to the Southwest Corner of said Section 5;

Thence, North $00^{\circ}09'33''$ West, along the West Line of said Section 5, a distance of 2641.78 feet to the West One-quarter ($1/4$) Section Corner of said Section 5;

Thence, South $89^{\circ}59'48''$ East, along the East-West Centerline of said Section 5, a distance of 2640.17 feet to the Center One-quarter (Ctr. $1/4$) Section Corner of said Section 5;

LEGAL DESCRIPTION "F-3"
PAGE TWO OF THREE

Thence, North $00^{\circ}06'59''$ West, along the West Line of said Government Lot 10, a distance of 1320.83 feet to the Northwest Corner of said Government Lot 10:

Thence, South $89^{\circ}59'35''$ East, along the North Line of said Government Lot 10, a distance of 514.46 feet to a point on the Southwesterly Boundary of that parcel of land as described in Book 797, Pages 491-495, Official Records:

Thence, South $38^{\circ}18'23''$ East, along said Southwesterly Boundary, 248.90 feet to the Southerly most corner of said parcel:

Thence, North $51^{\circ}32'32''$ East, along the Southeasterly Boundary of said parcel being described in Book 797, Pages 491-495, a distance of 313.96 feet to the North Line of said Government Lot 10:

Thence, South $89^{\circ}59'35''$ East, along said North Line, 402.15 to a point being common the Northeast Corner of said Government Lot 10 and the Northwest Corner of said Government Lot 9:

Thence, North $89^{\circ}59'23''$ East, along the North Line of said Government Lot 9, a distance of 310.12 feet to a point:

Thence, South $00^{\circ}06'53''$ East, 1322.26 feet to a point being the Northerly most point of that parcel being described in Book 56, Page 417 of Deeds, Mohave County Records, and said point being on a curve concave to the Northwest, the radius point of which bears North $50^{\circ}02'29''$ West, 530.00 feet:

Thence, Southwesterly 163.46 feet along the arc of said curve being the Northwesterly Boundary of said parcel as described in said Book 56, Page 417 of Deeds to the point of tangency of said curve:

Thence, South $57^{\circ}37'46''$ West, along last said Northwesterly Boundary, 528.87 to the Westerly most corner of said parcel as described in said Book 56, Page 417 of Deeds:

LEGAL DESCRIPTION "F-3"
PAGE THREE OF THREE

Thence, South $57^{\circ}05'44''$ East, along the Southwesterly Boundary thereof, 330.09 feet to a point on the Southeasterly Boundary of a perpetual easement for Interstate 40 granted to the State of Arizona by the Atchison, Topeka and Santa Fe Railway Company and described in Book 36, Pages 91-94 of Deeds;

Thence, South $29^{\circ}45'37''$ West, along said Southeasterly Easement Boundary, 371.20 feet to a point;

Thence, South $64^{\circ}11'14''$ East, 451.41 feet to a point being 100.00 feet Northwesterly at a right angle from the Centerline of the West bound main track of the Atchison, Topeka and Santa Fe Railway Company;

Thence, South $32^{\circ}54'09''$ West, along a line being Northwesterly 100.00 feet and parallel to the Centerline of the said West bound main track, a distance of 1852.73 feet to the true POINT OF BEGINNING.

The parcel of land herein described containing 251.21 acres, more or less.

BEFORE THE ARIZONA CORPORATION COMMISSION DOCKETED

14 1994

MARCIA WEEKS
Chairman
RENZ D. JENNINGS
Commissioner
DALE H. MORGAN
Commissioner

DOCKETED BY

KL

IN THE MATTER OF THE TUCSON ELECTRIC)
POWER COMPANY FILING FOR COMMISSION)
PRE-APPROVAL OF ITS PILOT NEW HOME)
CONSTRUCTION PROGRAM.)

DOCKET NO. U-1933-94-224

DECISION NO. 58796

ORDER

Open Meeting
October 13, 1994
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company (TEP) is an Arizona corporation providing electric utility service within the State of Arizona.

2. On July 5, 1994, TEP filed its proposal for its Pilot New Home Construction Program.

3. This demand-side management (DSM) program is subject to the review procedures established in Decision No. 58643 (dated June 1, 1994).

4. TEP's proposed Pilot New Home Construction Program is a Good Cents program licensed by Southern Electric International (SEI). The program is intended to encourage the construction of houses that are more energy efficient than would otherwise be built. In addition, the Good Cents program promotes new home thermal performance standards that meet or exceed the U. S. Department of Housing and Urban Development (HUD) guidelines for energy-efficient mortgages. TEP will not be offering rebates to

March 3, 2003

Direct Phone Number: 202.654.4521

Direct Fax Number: 202.654.4501

ken.hurwitz@haynesboone.com

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(BY HAND DELIVERY)

The Honorable Magalie R. Salas
Secretary
FEDERAL ENERGY REGULATORY COMMISSION
888 First Street, N.E.
Washington, D.C. 20426

Re: Citizens Communications Company, Docket No. ER03- -000

Dear Secretary Salas:

We hereby tender for filing on behalf of Citizens Communications Company ("Citizens" or the "Company") two rate schedules for sales-for-resale of electricity by Citizens' Arizona Electric Division ("AED") to the Mohave Electric Cooperative ("MEC"). The rate schedules, which have been denominated Rate Schedules 45 and 46, establish the rates, terms and conditions for ongoing wholesale sales service (approximately 100-200 kW monthly peak load) to MEC. The sole purpose of the wholesale sales is to allow MEC to serve a few, very small retail commercial customer loads in an isolated portion of MEC's service territory that was transferred by Citizens to MEC shortly after approval of the transfer by the Arizona Corporation Commission ("ACC") in October 1994. Enclosed are an original and six copies of Rate Schedules 45 and 46.

Rate Schedule 45¹ consists of a construction and contribution in aid of construction agreement ("CIAC Agreement") dated November 29, 1994 which provides for the construction of primary distribution and metering facilities and electric service to MEC (as described above) under an attached retail electric rate schedule.² As proposed, Rate Schedule

¹ Rate Schedule 45 is attached hereto as Exhibit No. 1.

² At the time of execution, the CIAC Agreement attached Citizens' retail Rate Schedule LPS. However, this rate schedule was immediately replaced with Rate Schedule LGS because the MEC retail loads were smaller than the minimum applicability threshold of Rate Schedule

Attorneys

1225 Eye Street, N.W. Eighth Floor Washington, D.C. 20005-3914

Telephone [202] 414.1900 Fax [202] 414.1920 <http://www.haynesboone.com>

AUSTIN DALLAS FORT WORTH HOUSTON RICHARDSON SAN ANTONIO WASHINGTON, D.C. MEXICO CITY

EXHIBIT 2

The Honorable Magalie R. Salas
March 3, 2003
Page 2

46 would supersede Rate Schedule 45 as of sixty days from the date of today's filing, May 3, 2003, and effectuate a rate increase of approximately 10 percent as of that date. Assuming the Commission accepts Rate Schedules 45 and 46 and makes them effective as requested in this transmittal letter, Rate Schedule 45 would cover the locked-in period from November 29, 1994 through May 2, 2003. Today's filing is made under Section 205 of the Federal Power Act and Part 35 of the Commission's Regulations.³

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i. *Service and Correspondence*

Please direct all correspondence and service to:

Kenneth G. Hurwitz, Esq.
HAYNES AND BOONE, LLP
555 11th Street, N.W.
Suite 650
Washington, D.C. 20004

Deborah R. Scott, Esq.
Associate General Counsel
CITIZENS COMMUNICATIONS COMPANY
2901 N. Central Suite 1660
Phoenix, Arizona 85012

As required by § 35.2(d) of the Commission's regulations, a copy of this filing is being served upon MEC and the Arizona Corporation Commission ("ACC"). In addition, copies of the rate schedules are available for inspection at the offices of Citizens' Arizona Electric Division during regular business hours.

ii. *Factual Background*

In Arizona, Citizens provides retail electric service to approximately 77,500 customers in Mohave County in northwest Arizona and in Santa Cruz County in southeast

LPS. Exhibit No. 1 includes each of the pertinent LGS rate schedules that were effective during the period of service to MEC. Exhibit No. 1 also includes (a) the November 29, 1994 CIAC Agreement; and (b) a December 22, 1995 letter from Citizens to MEC setting forth the actual costs of constructing the primary distribution and metering facilities.

³ 18 C.F.R. § 35 (2002).

The Honorable Magalie R. Salas
March 3, 2003
Page 3

Arizona. *In toto*, these customers have an historical peak demand of approximately 320 MW. Citizens purchases substantially all of its electric requirements under a long-term contract with Pinnacle West Capital Corporation ("PWCC"), an affiliate of Arizona Public Service Corporation ("APS").⁴ To deliver the PWCC power to its isolated radial transmission system, Citizens purchases transmission service from the Western Area Power Administration ("WAPA"). Citizens is subject to regulation in Arizona by the ACC with respect to retail electric rates.

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During the fall of 1994, pursuant to an order of the ACC,⁵ Citizens transferred a small portion of its retail service area in Mohave County to MEC to enable MEC to serve a new retail customer, North Star Steel. The transferred area is an isolated area of MEC's service territory, surrounded by AED's retail distribution service area in Mohave County, Arizona. Because MEC was unable to provide power for the construction of the North Star steel mill, MEC requested construction power from Citizens on a temporary basis. On November 29, 1994, Citizens and MEC entered into a Letter of Agreement for a contribution in aid of construction of \$20,802.78 from MEC in exchange for which Citizens would construct certain primary distribution and metering facilities. On December 22, 1995, Citizens presented to MEC final construction cost calculations for the facilities of \$25,942.22. Citizens' sale-for-resale service to MEC commenced thereafter, on or about January 18, 1995, when the facilities were completed. Subsequently, MEC increased its purchases from Citizens (in addition to the temporary North Star construction power) to serve a few additional commercial customers (a few construction trailers and a trucking company, Roadrunner Trucking).

Since the inception of the service, Citizens has continuously provided sales-for-resale service to MEC for the sole purpose of allowing MEC to serve the above-described 100-200 kW retail loads. After the service territory transfer, Citizens did not file a rate schedule with the Federal Energy Regulatory Commission (the "Commission" or "FERC") but served MEC under its retail Large General Service ("LGS") rate schedule, which was and is subject to the jurisdiction of the ACC. In April 2002, counsel for Citizens discovered that Citizens had

⁴ The Pinnacle West agreement is on file with the Commission as Rate Schedule FERC No. 4 of PWCC. It was filed with the Commission on July 16, 2001, in Docket No. ER01-2602-000 and accepted in a basket letter order. See *Alcoa Power Generating*, Docket No. ER01-2729, *et al.*, Sept. 7, 2001.

⁵ *Re Citizens Utilities Company*, Docket No. E-1032-94-293; Docket No. U-1750-94-293; Decision No. 58798 (Oct. 14, 1994). Effective May 18, 2000, Citizens changed its name from Citizens Utilities Company to Citizens Communications Company.

The Honorable Magalie R. Salas
March 3, 2003
Page 4

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been providing MEC the minuscule sales-for-resale service, which was subject to FERC jurisdiction. Accordingly, counsel informed Citizens that, notwithstanding the tiny magnitude of the sales, Citizens would have to file a rate schedule with FERC. On September 5, 2002, Citizens informed the Commission in a letter accompanying Citizens' first Electric Quarterly Report that it had been providing jurisdictional service to MEC and that it would make the appropriate filings with FERC for the MEC sale as soon as possible.⁶ The MEC sale is the only wholesale sales service that is currently being provided by Citizens' Arizona Electric Division.

Citizens' efforts to negotiate an agreement with MEC have been fruitless. Citizens has attempted to communicate with MEC since September 5, 2002 but MEC has never responded to Citizens' overtures. Numerous phone calls have not been returned. Moreover, although Citizens provided MEC with an early draft of Rate Schedule 46, MEC did not respond nor submit a counter-proposal to Citizens. Because of MEC's failure to respond, Citizens has no choice but to file Rate Schedules 45 and 46 in unexecuted form.

iii. *General Description of Rate Schedule 45*

As stated in note 2 of this letter, Rate Schedule 45 is comprised of a CIAC Letter of Agreement dated November 29, 1994, a number of attachments, and a December 22, 1995 letter setting forth actual costs of construction of the primary distribution and metering facilities.

Rate Schedule 45 incorporates Citizens' retail LGS rate schedule, as that schedule has been in effect for retail service in Citizens' Arizona service territories throughout the period covered by Rate Schedule 45. As such, Rate Schedule 45 has three rate components: a Customer Service Charge, a Demand Charge and an Energy Charge. The billing determinant for demand is the highest measured fifteen-minute integrated reading of the demand meter

⁶ Because of extraordinary circumstances confronting Citizens' Arizona Electric Division, "as soon as possible" turned out to be several months. Four years ago, in 1999, Citizens announced its intention to focus on its telecommunications and divest its utility businesses. Since that time, Citizens has been seeking buyers for its utility businesses around the country. On February 7, 2003, after several months of negotiations, Citizens jointly filed, with Tucson Electric Power Company and UniSource Energy Corporation, an application with the Commission under Section 203 of the Federal Power Act to sell its Arizona operating electric and gas utility assets to UniSource. Because of the loss of key employees in the months leading up to the transaction and the extraordinary demands of the due diligence process that accompanied it, today's filing has taken more time than originally anticipated.

The Honorable Magalie R. Salas
March 3, 2003
Page 5

during the billing month; the billing determinant for energy is each kWh delivered to MEC. The Energy Charge was subject to adjustment to reflect any increase or decrease in the cost to AED of generated or purchased energy above or below the base cost. In practice, AED's recovery of purchased energy costs is regulated by the ACC.

h b Because Rate Schedule 45 simply reflects Rate Schedule LGS rates approved by the ACC, Citizens has not submitted the information ordinarily required by Part 35 of the Commission's regulations for the filing of initial rate schedules. Citizens requests waiver, to the extent necessary, of the filing requirements of Part 35.

iv. *General Description of Rate Schedule 46*

Rate Schedule 46⁷ prospectively establishes the rates, terms and conditions for the sale of electric energy by Citizens to MEC for resale by MEC to its current retail customers, up to a maximum demand of 1 MW. As set forth in Article 3 of the Rate Schedule, AED will charge MEC a formula rate that is the sum of three cost-based components: (a) AED's cost of energy under its firm power purchase agreements with PWCC, increased to account for losses on the transmission system of the Western Area Power Administration ("WAPA") and AED's transmission and distribution systems; (b) AED's transmission costs; and (c) AED's distribution costs.

These costs will be collected through a Customer Charge, a Demand Charge and an Energy Charge. The Customer Charge and Demand Charge will reflect only the applicable components of the charges in the LGS retail rate schedule. Accordingly, both the Customer Charge and the Demand Charge exclude Must Run Generation and Transmission charges included in the corresponding retail LGS customer and demand charges. In addition, the Demand Charge includes two charges that are not in the LGS rate schedule: AED's OATT transmission rate; and a flow-through of the WAPA transmission charges that AED incurs in delivering energy purchased from PWCC, as PWCC sells energy to AED at the interface of APS and WAPA.

The Customer charge will be a fixed monthly charge. The Demand Charge will be a per-kW charge applying to MEC's highest measured 15-minute integrated reading of the demand meter during the billing month. The Energy Charge will apply to the total quantity of kilowatt-hours delivered to MEC.

⁷ Rate Schedule 46 is attached hereto in Exhibit No. 2.

The Honorable Magalie R. Salas
 March 3, 2003
 Page 6

The initial rate to be charged at the time this Rate Schedule becomes effective through June 30, 2003 (the "Base Period") will consist of: (a) a Customer Charge of \$9.74 per month; (b) a Demand Charge of \$6.41 per kW-month; and (b) an Energy Charge of \$0.07976 per kWh. The derivation of these rates to be charged during the Base Period is shown in Exhibit No. 3.

For service provided after the Base Period, the components and subcomponents of the initial rate will be subject to annual adjustment.⁸ Rate changes will take effect on July 1 of each year after the Base Period, based on data as of the Adjustment Date, which will be June 1, thirty days before the rate change. Rates will remain in effect from July 1 through June 30 of the succeeding year.

v. *Rate Schedule 46 -- Information Required by Section 35.13 of the Commission's Regulations*

(a) 35.13(a)(2)(i)(B)(1)

Cost of service analysis for the Test Period. As discussed in detail above, the rate is a formula rate consisting of rates approved by FERC, and a small distribution component reflecting the unbundled distribution portion of AED's bundled retail Rate Schedule LGS. Because MEC is AED's only wholesale customer, and the rate is a formula rate, the remainder of the requirements of this section (and, by reference, Statement BK) are not applicable.

⁸ The Customer Charge component will be annually adjusted so as to reflect the proportional changes in the Customer Charge in effect in Rate Schedule LGS as of the Adjustment Date.

The Demand Charge consists of two transmission components and a distribution component. The transmission components will be annually adjusted to reflect the then-current WAPA transmission rate and AED's transmission rate under its Open Access Transmission Tariff transmission rate that is effective as of the Adjustment Date. The distribution component will be annually adjusted for inflation by reference to changes in the Producer Price Index for Finished Goods ("PPI-FG"), seasonally adjusted.

The Energy Charge consists of purchased power and variable distribution cost components. The purchased power component will be annually adjusted to reflect changes in AED's average payment for energy, adjusted for changes in the loss factors effective as of the Adjustment Date on WAPA's transmission system, AED's Mohave Transmission System and AED's distribution system. The initial distribution component of the Energy Charge will be annually adjusted for inflation under the same methodology used for the distribution component of the Demand Charge.

The Honorable Magalie R. Salas
March 3, 2003
Page 7

(b) 35.13(a)(2)(i)(B)(2)

Allocation factors and special assignments. None.

(c) 35.13(a)(2)(i)(B)(3)

Revenues for the Test Period and the first 12 months after the proposed effective date.

Two tables comparing sales and revenues under the current and the proposed rates are provided in Exhibit No. 3.

(d) 35.13(a)(2)(i)(B)(4)

Fuel costs. Not applicable until June 1, 2008. AED is a Full Requirements customer of PWCC, with a fixed rate, through May 31, 2008. As a consequence, the energy component of the rate to MEC will be a flowthrough of that fixed rate. There may be a brief mismatch between purchased power costs and the rate under this Agreement when the PWCC contract expires in 2008, but the new rate could be higher or lower than the current rate. Because the revenues under the contract are so small that it would not be economic to expend the effort necessary to track purchase power costs with absolute precision, and because in *any* formula rate timing differences will cause slight mismatches between costs and rates, administrative convenience argues in favor of the simple energy pricing mechanism in the contract. In addition, MEC can terminate the Agreement upon thirty days' notice, if it wishes, when the PWCC contract terminates, and the parties would be free to renegotiate the pricing provision at that time.

(e) 35.13(a)(2)(i)(B)(5)

Rate design calculations and narrative. See Section iv of this Transmittal Letter, above.

(f) 35.13(a)(2)(i)(B)(6)

Information required by 35.13(b), 35.13(c)(2), 35.13(c)(3) and 35.12(b)(2).

35.13(b):

- (1) List of documents submitted with this filing:

The Honorable Magalie R. Salas
March 3, 2003
Page 8

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Exhibit No. 1. Rate Schedule No. 45.

Exhibit No. 2. Rate Schedule No. 46.

Exhibit No. 3. Revenues for the Test Period and the first 12 months after the proposed effective date.

Exhibit No. 4. December 30, 2002 letter agreement between PWCC and AED.

Exhibit No. 5. Form of notice suitable for publication in the Federal Register.

Exhibit No. 6. Map and single line diagram of the facilities.

Exhibit No. 7. Summary statement of all costs.

(2) The proposed effective date of the rate change is May 3, 2003.

(3) Copies of this rate schedule change have been mailed to:

Thomas Longtin
Operations Manager
Mohave Electric Cooperative
1999 Arena Drive
Bullhead City, AZ 86442

Robert E. Broz
Executive Vice President/General Manager
Mohave Electric Cooperative
1999 Arena Drive
Bullhead City, AZ 86442

Ernest Johnson
Director of Utilities
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

The Honorable Magalie R. Salas
March 3, 2003
Page 9

Brian McNeil
Executive Secretary
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

(4) *Description of the rate change.* See Section iv of this Transmittal Letter, above.

(5) *Reasons for the rate change.* Since 1995, AED has sold energy to MEC under Rate Schedule LGS, a retail rate schedule approved by the ACC. Now that AED is filing the rate with FERC, AED proposes to implement a rate that accurately reflects AED's costs of providing the service to MEC.

(6) *Showing that all requisite agreements have been obtained.* As stated above, AED has been unable to communicate with MEC in connection with Rate Schedule 46. However, PWCC has agreed not to dispute the wholesale sale by AED to MEC, notwithstanding the fact that AED's power purchase agreement with PWCC limits AED's full requirements purchases from PWCC to those purchases necessary to serve AED's retail customers. See Exhibit No. 4, which consists of a December 30, 2002 letter from AED to PWCC in which PWCC has indicated its concurrence.

(7) Not applicable.

(8) Form of notice suitable for publication in the *Federal Register*. Exhibit No. 5.

35.13(c)(2): Comparison to other wholesale rates. Not applicable.

35.13(c)(3): Map and single line diagram. Exhibit No. 6.

35.12(b)(2):

(i) *Basis for rate.* See Section iv of this Transmittal Letter, above.

(ii) *Summary statement of all costs.* Exhibit No. 7.

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The Honorable Magalie R. Salas
 March 3, 2003
 Page 10

(g) 35.13(a)(2)(i)(C)

Reconciliation with Form 1. Not applicable. Sales to MEC have been made under a retail rate schedule.

(h) 35.13(a)(2)(i)(D)

Pro forma adjustments for post-Test Period changes. None.

(i) 35.13(a)(2)(i)(E)

Applicable retail rate decisions or settlements. As discussed in Section iv of this Transmittal Letter, above, the proposed rate contains certain unbundled components of AED's retail Rate Schedule LGS. Rate Schedule LGS last was approved by the ACC in July 2000.⁹

vi. *Requests for Waiver*

Citizens respectfully requests effective dates of November 29, 1994 for Rate Schedule 45 and May 3, 2003 for Rate Schedule 46. The former date is that of the CIAC Agreement discussed above; the latter is 60 days after today's filing. Citizens seeks waiver of Federal Power Act § 205(d) with respect to the CIAC Agreement.

In *Central Hudson Gas & Electric Corp. et al.*, 60 FERC ¶ 61,106, *reh'g denied* 61 FERC ¶ 61,089 (1992), the Commission articulated the standard for granting waivers of the notice requirement with respect to agreements that cover new service not pursuant to an accepted contract or settlement, and that are filed after service has commenced. The Commission indicated that waiver of notice may be granted upon a showing of extraordinary circumstances. 60 FERC at 61,339. This standard is satisfied here.

The sales in this case, which were for resale to a circumscribed set of customers located in AED's former service territory, were minuscule in amount, approximately \$25,000 annually. Rates for the sales were based on a rate schedule under the jurisdiction of and approved by the ACC.

⁹ *In the Matter of the Application of Citizens Utilities Company, Arizona Electric Division, for a Hearing to Determine the Fair Value of its Properties for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, and to Approve Rate Schedules Designed to Provide Such Rate of Return*, Decision No. 62759 (July 27, 2000).

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The Honorable Magalie R. Salas
March 3, 2003
Page 11

In addition, Citizens requests waiver, to the extent necessary, of the provisions of § 35.13 of the Commission's regulations.

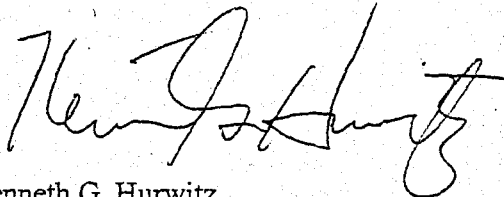
vii. *Conclusion*

For the reasons stated above, Citizens respectfully requests that the Commission issue an order (i) accepting Rate Schedule 45 for filing effective as of November 29, 1994; (ii) accepting Rate Schedule 46 for filing effective as of May 3, 2003, and (iii) granting the waivers requested herein.

Two additional copies of this filing are provided. Please date-stamp them to indicate they have been received, and return them to our courier.

If you have any questions concerning this filing, please contact the undersigned. Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ken G. Hurwitz", written in a cursive style.

Kenneth G. Hurwitz
Counsel to Citizens Communications Company

Filing Utility: Citizens Communications Company

Other Party: Mohave Electric Cooperative

Description: Sales Service

Issued by: Thomas J. Ferry
Vice President and General Manager, AED
Issued on: March 3, 2003

Effective: November 29, 1994

Feb-06-03 12:34pm From-CITIZENS DISTR ENGINEERING

9286814120

T-992 P.02/12 F-850



\$ 20,802.78

2202 STOCKTON HILL RD. • P.O. BOX 3099 • KINGMAN, AZ 86402 • (602) 753-2124

November 29, 1994

David Bryan
Mohave Electric Cooperative
928 Hancock Rd.
Bullhead City, Az. 86430

Dear Mr. Bryan:

This Letter of Agreement, entered into between Citizens Utilities Company, a Delaware Corporation, hereinafter referred to as "Company", and Mohave Electric Cooperative, hereinafter referred to as "Customer", covers the conditions under which Company will provide temporary overhead construction to North Star Steel Project, Section 5, Township 20 North, Range 17 West, G.& S.R.M., Mohave County, Arizona.

Customer has requested 12,470/7200 volt wye primary distribution service. Company will upgrade 4,200 feet of existing single phase overhead primary distribution and install one primary metering installation to provide the service requested for an estimated cost of \$20,802.78.

Since this is for temporary service, coincident with signing this agreement, Customer shall pay to Company \$20,802.78 as a nonrefundable contribution in aid of construction to cover the estimated cost of constructing the facilities.

At such time as the actual cost of construction, including the cost of engineering and overheads is determinable, the parties will cause the previously advanced amounts to be adjusted to the actual cost of construction.

Attached hereto and made a part hereof is the current electric rate schedule for the type of service for which you will be billed.

Company's estimated starting date for construction will be within 30 days from date of execution of the Letter of Agreement. Construction will be complete within 30 days thereafter.

Mohave Electric
A DIVISION OF CITIZENS UTILITIES COMPANY
ELECTRIC, TELEPHONE, WATER AND GAS SERVICE TO CUSTOMERS IN OVER 500 COMMUNITIES IN MANY STATES ACROSS THE NATION

02/06/2003 THU 12:20 [TX/RX NO 8600] 002

Feb-06-03 12:34pm From-CITIZENS DISTR... ENGINEERING

9286814120

T-892 P.03/12 F-R50

David Bryan
Mohave Electric Cooperative
Page 2

This Agreement supersedes any and all other agreements or Letters of Understanding which may have come before it in connection with the matters herein contained. Any amendment hereto, to be effective, must be made in writing.

CITIZENS UTILITIES COMPANY

By: *[Signature]*Its: Comm. mgr.

ACCEPTED:

By: *[Signature]*Its: Manager of Engineering

Enclosures:

Job Plan
Rate Schedule

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 22

Kimberly M. Kiener

Mohave and Santa Cruz
Counties Arizona

FILED BY:

DISTRICT:

ORIGINALLARGE POWER SERVICE (LPS)AVAILABILITY

In all territory served by the Company in Santa Cruz and Mohave Counties at all points where the adjacent facilities of the Company are adequate and suitable.

APPLICABILITY

To any customer for any purpose where the service is supplied at one point of delivery and measured through one meter when the maximum monthly demand is 1,000 kilowatts or greater.

CHARACTER OF SERVICE

Three phase, 60 hertz, at the Company's standard voltages that are available within the vicinity of the Customer's premises.

MONTHLY BILL

The monthly bill shall consist of the following charges and adjustments:

Customer Charge of \$365.00 per month.

Demand Charge

Billing demand \$24.75 per kW.

Energy Charge

All kWh \$0.0245 per kWh.

Minimum Charge

The minimum charge shall be the customer charge plus the demand charge.

Adjustments:

- The charges stated herein shall be subject to an adjustment per kWh to reflect any increase or decrease in the cost to the Company of energy either generated or purchased above or below the base cost of \$0.054029 per kWh.

APPROVED FOR FILING

DECISION #: 58360

DATE EFFECTIVE: August 20 1993

AUTHORITY: ACC Decision No 58360

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 23

Kimberly M. Kiener

Mohave and Santa Cruz
Counties Arizona

FILED BY:

DISTRICT:

ORIGINALLARGE POWER SERVICE (LPS) (Continued)

- The billing hereunder shall be increased by the applicable proportionate part of any taxes on governmental impositions which may be assessed on the basis of gross revenue of the Company and/or the price of, or revenue from, the electric energy and/or volume of electric energy generated or purchased for sale and/or sold hereunder.
- A credit of 3% will be applied to the Demand Charge when the Customer receives service at primary voltage.
- The Customer agrees to maintain, as nearly as practicable, a unity power factor. In the event that the Customer's power factor for any billing month is less than 85%, the billing demand shall be increased to reflect the lower power factor using the following formula:

$$\text{Adjusted Billing Demand} = \frac{\text{Billing Demand}}{.15 + \text{Power Factor}}$$

DETERMINATION OF DEMAND

The billing demand for any month shall be the highest measured fifteen-minute demand in kilowatts during the billing period, but not less than the highest demand billed during the preceding 23 months, the Contract Demand, or 1,000 kW.

TERMS AND CONDITIONS

- Service hereunder shall remain in full force and in effect until terminated by the customer unless otherwise provided for in the Service Agreement. Termination of service requires twenty-four (24) months advance notice in writing to the Company.
- Service hereunder may require the customer to enter into a Service Agreement with the Company for a term of two years or longer, and a minimum Contract Demand at the Company's option in view of the anticipated demand of the Customer.

APPROVED FOR FILING

DECISION #: 58360

DATE EFFECTIVE: August 20 1993

AUTHORITY: ACC Decision No 58360

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 24

Kimberly M. Kiener

Mohave and Santa Cruz
Counties Arizona

FILED BY:

DISTRICT:

ORIGINALLARGE POWER SERVICE (LPS) (Continued)

- This rate is subject to the General Rules and Regulations of the Company on file with the Arizona Corporation Commission which are made a part hereof.
- Standby, supplementary, breakdown and/or temporary service is available under this rate. At the Company's option, customers may have to enter into a Service or Purchase Agreement with the Company for this service.
- A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.
- Service under this schedule is for the exclusive use of the Customer and shall not be resold or shared with others, unless authorized by the Company.

APPROVED FOR FILING

DECISION #: 58360

DATE EFFECTIVE: August 20 1993

AUTHORITY: ACC Decision No 58360

CITIZENS UTILITIES

222 STOCKTON HILL ROAD • P.O. BOX 3099 • KINGMAN, ARIZONA 86402 • (602) 753-2124

December 22, 1995

Mr. David Bryan
Mohave Electric Cooperative, Inc.
928 Hancock Road
Bullhead City, AZ 86430

Dear Mr. Bryan:

A review of estimated construction costs compared to actuals, in providing temporary construction power to North Star Steel, is now complete.

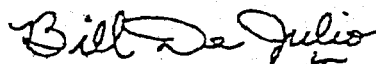
Final calculations indicate an additional customer contribution of \$25,942.22.

A spread of all costs and totals are listed below:

45 Foot Poles	\$ 2,294.00
Crossarms	675.00
Lt Arresters 15kV and Less	101.00
Insulators 15kV and Less	713.00
Conductors No.2 ACSR	1,809.00
Conductors 1/0 ACSR	6,702.00
Cutout, Solid Blade or Fused	323.00
Primary Transformers	2,025.00
Current Transformers	1,620.00
Brackets	722.00
Meter and Hardware	1,084.00
Labor (Including Overtime)	15,663.00
Overheads	<u>\$13,014.00</u>
Total Construction Actuals	<u>\$46,745.00</u>
Less Customer Advance	<u>\$20,802.78</u>
FINAL CUSTOMER CONTRIBUTION OWED	\$25,942.22

Should you have any questions or concerns regarding this matter, please feel free to contact us.

Sincerely,



Bill De Julio
Operations Manager, Electric

BD:ch
MCL

cc: Tom Ferry
Bob Hickok
Steve Fahley
Tori Rice

Mohave Electric
A DIVISION OF CITIZENS UTILITIES COMPANY
ELECTRIC, TELEPHONE, WATER AND GAS SERVICE TO CUSTOMERS IN OVER 500 COMMUNITIES IN MANY STATES ACROSS THE NATION

02/06/2003 THU 14:31 [TX/RX NO. 6601] 011

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 18

Kimberly M. Kiener

Mohave and Santa Cruz
Counties Arizona

FILED BY:

DISTRICT:

ORIGINALLARGE GENERAL SERVICE (LGS)AVAILABILITY

In all territory served by the Company in Santa Cruz and Mohave Counties at all points where the adjacent facilities of the Company are adequate and suitable.

APPLICABILITY

To any customer for any purpose where such service is supplied at one point of delivery and measured through one meter and the maximum monthly demand is greater than 5 kW and less than 1,000 kW.

CHARACTER OF SERVICE

Single or three phase, 60 hertz at the Company's standard voltages that are available within the vicinity of the Customer's premises.

MONTHLY BILL

The monthly bill shall consist of the following charges and adjustments:

Customer Service Charge of \$10.00 per month.

Demand Charge

Billing demand \$9.50 per kW.

Energy Charge

All kWh \$0.0544 per kWh.

Adjustments:

- The charges stated herein shall be subject to an adjustment per kWh to reflect any increase or decrease in the cost to the Company of either generated or purchased above or below the base cost of \$0.054029 per kWh.

APPROVED FOR FILING

DECISION #: 58360

DATE EFFECTIVE: August 20, 1993

AUTHORITY: ACC Decision No. 58360

02/28/2003 FRI 10:17

[TX/RX NO 8736] 002

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ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 19

Kimberly M. Kiener

Mohave and Santa Cruz
Counties Arizona

FILED BY:

CHECKED:

ORIGINALLARGE GENERAL SERVICE (LGS) (Continued)

- The billing hereunder shall be increased by the applicable proportionate part of any taxes on governmental impositions which may be assessed on the basis of gross revenue of the Company and/or the price, or revenue from, the electric energy sold and/or the volume of electric energy generated or purchased for sale and/or sold hereunder.

DETERMINATION OF BILLING DEMAND

The billing demand for any month shall be the highest measured fifteen-minute demand in kilowatts during the billing period, but not less than 5 kW.

TERMS AND CONDITIONS

- This rate is subject to the general rules and regulations of the Company on file with the Arizona Corporation Commission, which are made a part hereof.
- Standby or breakdown service shall not be rendered under this rate except for Qualifying Facilities or Independent Power Producers that have entered into a Service or Purchase Agreement with the Company.
- A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.
- Service under this schedule is for the exclusive use of the Customer and shall not be resold or shared with others, unless authorized by the Company.

APPROVED FOR FILING
DECISION #: 58360

DATE EFFECTIVE: August 20, 1993

AUTHORITY: ACC Decision No. 58360

02/28/2003 FRI 11:05 [TX/RX NO 8738] 0002

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 18

Kimberly M. Kiener

Mohave and Santa Cruz
Counties Arizona

FILED BY:

DISTRICT:

ORIGINALLARGE GENERAL SERVICE (LGS)AVAILABILITY

In all territory served by the Company in Santa Cruz and Mohave Counties at all points where the adjacent facilities of the Company are adequate and suitable.

APPLICABILITY

To any customer for any purpose where such service is supplied at one point of delivery and measured through one meter and the maximum monthly demand is greater than 5 kW and less than 1,000 kW.

CHARACTER OF SERVICE

Single or three phase, 60 hertz at the Company's standard voltages that are available within the vicinity of the Customer's premises.

MONTHLY BILL

The monthly bill shall consist of the following charges and adjustments:

Customer Service Charge of \$10.00 per month.

Demand Charge

Billing demand \$9.50 per kW.

Energy Charge

All kWh \$0.0544 per kWh.

Adjustments: *Effective 8-1-95* *(470)* *\$0.052454 per kWh*

- The charges stated herein shall be subject to an adjustment per kWh to reflect any increase or decrease in the cost to the Company of either generated or purchased above or below the base cost of \$0.054029 per kWh.

APPROVED FOR FILING

DECISION #: 58360DATE EFFECTIVE: AUGUST 27 1993

AUTHORITY: ACC Decision No. 58360

02/28/2003 FRI 11:05

[TX/RX NO 6738] 001

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 19

Kimberly M. Kiener

FILED BY:

DISTRICT:

Mohave and Santa Cruz
Counties Arizona**ORIGINAL**LARGE GENERAL SERVICE (LGS) (Continued)

- The billing hereunder shall be increased by the applicable proportionate part of any taxes on governmental impositions which may be assessed on the basis of gross revenue of the Company and/or the price, or revenue from, the electric energy sold and/or the volume of electric energy generated or purchased for sale and/or sold hereunder.

DETERMINATION OF BILLING DEMAND

The billing demand for any month shall be the highest measured fifteen-minute demand in kilowatts during the billing period, but not less than 5 kW.

TERMS AND CONDITIONS

- This rate is subject to the general rules and regulations of the Company on file with the Arizona Corporation Commission, which are made a part hereof.
- Standby or breakdown service shall not be rendered under this rate except for Qualifying Facilities or Independent Power Producers that have entered into a Service or Purchase Agreement with the Company.
- A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.
- Service under this schedule is for the exclusive use of the Customer and shall not be resold or shared with others, unless authorized by the Company.

APPROVED FOR FILING

DECISION #: 58360

DATE EFFECTIVE: August 20 1993

AUTHORITY: ACC Decision No. 58360

02/28/2003 FRI 11:05

[TX/RX NO 6738] 0002

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 14

Filed by: Kimberly M. KienerMohave and Santa Cruz
Counties, Arizona

LARGE GENERAL SERVICE (LGS)**ORIGINAL****AVAILABILITY**

In all territory served by the Company in Santa Cruz and Mohave Counties at all points where the adjacent facilities of the Company are adequate and suitable.

APPLICABILITY

To any customer for any purpose where such service is supplied at one point of delivery and measured through one meter and the maximum monthly demand is less than 1,000 kW.

CHARACTER OF SERVICE

Single or three phase, 60 hertz, at the Company's standard voltages that are available within the vicinity of the Customer's premises. Customers may choose time-of use service as well.

MONTHLY BILL

The monthly bill shall consist of the following charges and adjustments:

Customer Service Charge of \$10.10 per month, or, if the optional time of day service is elected, the Customer Service Charge is \$15.00 per month.

Demand Charge

Billing demand \$9.50 per kW

Energy Charge

All kWh \$0.05490 per kWh.

Adjustments:

The energy charge shall be subject to an adjustment per kWh to reflect any increase or decrease in the cost to the Company of energy either generated or purchased above or below the base cost of 5.194 cents per kWh sold.

APPROVED FOR FILING
DECISION #: 59951

Date Effective: January 1, 1997**Authority:** ACC Decision No. 59951

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 15

Filed by: Kimberly M. Kiener

Mohave and Santa Cruz
Counties, ArizonaLARGE GENERAL SERVICE (LGS) (Continued)

Adjustments: (Continued)

ORIGINAL

The billing hereunder shall be increased by the applicable proportionate part of any taxes on governmental impositions which may be assessed on the basis of gross revenue of the Company and/or the price, or revenue from, the electric energy sold, and/or the volume of electric energy generated or purchased for sale and/or sold hereunder.

DETERMINATION OF BILLING DEMANDNormal service

If the time-of-use option is not chosen, the monthly billing demand shall be the highest measured fifteen-minute integrated reading of the demand meter during the billing month.

Time-of-Use

If time-of-use service is chosen, the monthly billing demand shall be the higher of:

- (i) the highest measured fifteen-minute integrated reading of the demand meter during the on-peak hours of the billing period,
- (ii) One-half the highest measured fifteen-minute integrated reading of the demand meter during the off-peak hours, or
- (iii) the contract capacity.

ON-PEAK HOURS

During the months of May through October, on-peak hours are those hours between 11:00 a.m. and 10:00 p.m. each day, Monday through Saturday. All other hours shall be considered off-peak hours.

During the months of November through April, on-peak hours are those hours between 7:00 a.m. and 7:00 p.m. each day, Monday through Friday. All other hours shall be considered off-peak hours.

APPROVED FOR FILING

DECISION #: 59951

Date Effective: January 1, 1997

Authority: ACC Decision No. 59951

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No: 15

Filed by: Kimberly M. KienerMohave and Santa Cruz
Counties, ArizonaLARGE GENERAL SERVICE (LGS) (Continued)

ORIGINAL

TERMS AND CONDITIONS

This rate is subject to the general rules and regulations of the Company on file with the Arizona Corporation Commission, which are made a part hereof.

Standby or breakdown service shall not be rendered under this rate except for Qualifying Facilities or Independent Power Producers that have entered into a Service or Purchase Agreement with the Company.

Customers who qualify for service under this tariff must remain on the tariff for a twelve-month period, unless, in the judgement of the Company and Customer, conditions require a different tariff strategy.

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

Service under this schedule is for the exclusive use of the Customer and shall not be resold or shared with others, unless authorized by the Company.

APPROVED FOR FILING

DECISION #: 59951Date Effective: January 1, 1997Authority: ACC Decision No. 59951

ELECTRIC RATES	
CITIZENS UTILITIES COMPANY	Original Sheet No. 15
Filed by: Carl Dabelstein	Mohave and Santa Cruz Counties, Arizona

LARGE GENERAL SERVICE (LGS)**AVAILABILITY****ORIGINAL**

In all territory served by the Company in Santa Cruz and Mohave Counties at all points where the adjacent facilities of the Company are adequate and suitable.

APPLICABILITY

Standard offer sales service to any customer for any purpose where such service is supplied at one point of delivery and measured through one meter and the maximum monthly demand is less than 1,000 kW.

CHARACTER OF SERVICE

Single or three phase, 60 hertz, at the Company's standard voltages that are available within the vicinity of the Customer's premises. Customers may choose time-of use service as well.

MONTHLY BILL

The monthly bill shall consist of the following charges and adjustments:

Customer Service Charge of \$10.10 per month, or, if the optional time-of-day service is elected, the Customer Service Charge is \$15.00 per month.

Demand Charge

Billing demand \$9.50 per kW

Energy Charge

All kWh \$.0533 per kWh

Adjustments:

The energy charge shall be subject to an adjustment per kWh to reflect any increase or decrease in the cost to the Company of energy either generated or purchased above or below the base cost of 5.194 cents per kWh sold.

The billing hereunder shall be increased by the applicable proportionate part of any taxes on governmental impositions which may be

LARGE GENERAL SERVICE (LGS) (continued)

INTERIM RATES	
Date Effective: December 1, 1999	Authority: AGC Decision No.
APPROVED FOR FILING	
DECISION #: 62082	

ELECTRIC RATES	
CITIZENS UTILITIES COMPANY	Original Sheet No. 15
Filed by: Dan Dabelstein	Mohave and Santa Cruz Counties, Arizona

assessed on the basis of gross revenue of the Company and/or the price, or revenue from, the electric energy sold, and/or the volume of electric energy generated or purchased for sale and/or sold hereunder.

DETERMINATION OF BILLING DEMAND

Normal service

If the time-of-use option is not chosen, the monthly billing demand shall be the highest measured fifteen-minute integrated reading of the demand meter during the billing month.

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If time-of-use service is chosen, the monthly billing demand shall be the higher of:

- (i) the highest measured fifteen-minute integrated reading of the demand meter during the on-peak hours of the billing period,
- (ii) one-half the highest measured fifteen-minute integrated reading of the demand meter during the off-peak hours, or
- (iii) the contract capacity.

ON-PEAK HOURS

During the months of May through October, on-peak hours are those hours between 11:00 a.m. and 10:00 p.m. each day, Monday through Saturday. All other hours shall be considered off-peak hours.

During the months of November through April, on-peak hours are those hours between 7:00 a.m. and 7:00 p.m. each day, Monday through Friday. All other hours shall be considered off-peak hours.

APPROVED FOR FILING
DECISION #: 62082

INTERIM RATES	Authority: A.C.C. Decision No.
Date Effective: December 1, 1999	

ELECTRIC RATES	
CITIZENS UTILITIES COMPANY	Original Sheet No. 17
Filed by: Carl Dabelstein	MoHAVE and Santa Cruz Counties, Arizona

LARGE GENERAL SERVICE (LGS) (continued)TERMS AND CONDITIONS**ORIGINAL**

This rate is subject to the general rules and regulations of the Company on file with the Arizona Corporation Commission, which are made a part hereof.

Standby or breakdown service shall not be rendered under this rate except for Qualifying Facilities or Independent Power Producers that have entered into a Service or Purchase Agreement with the Company.

Customers who qualify for service under this tariff must remain on the tariff for a twelve-month period, unless, in the judgement of the Company, conditions require a different strategy or approach.

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

Service under this schedule is for the exclusive use of the Customer and shall not be resold or shared with others, unless authorized by the Company.

APPROVED FOR FILING
DECISION #: 62082

INTERIM RATES	Authority: ACC Decision No.
Date Effective: December 1, 1998	

ELECTRIC RATES	
CITIZENS UTILITIES COMPANY	Original Sheet No. 15
Filed by: Carl Dabelstein	Mohave and Santa Cruz Counties, Arizona

LARGE GENERAL SERVICE (LGS)AVAILABILITY**ORIGINAL**

In all territory served by the Company in Santa Cruz and Mohave Counties at all points where the adjacent facilities of the Company are adequate and suitable.

APPLICABILITY

Standard offer sales service to any customer for any purpose where such service is supplied at one point of delivery and measured through one meter and the maximum monthly demand is less than 1,000 kW.

CHARACTER OF SERVICE

Single or three phase, 60 hertz, at the Company's standard voltages that are available within the vicinity of the Customer's premises. Customers may choose time-of use service as well.

MONTHLY BILL

The monthly bill shall consist of the following charges and adjustments:

Customer Service Charge of \$10.10 per month, or, if the optional time-of-day service is elected, the Customer Service Charge is \$15.00 per month.

Demand Charge

Billing demand \$9.50 per kW

Energy Charge

All kWh \$.0533 per kWh

Adjustments:

The energy charge shall be subject to an adjustment per kWh to reflect any increase or decrease in the cost to the Company of energy either generated or purchased above or below the base cost of 5.194 cents per kWh sold.

The billing hereunder shall be increased by the applicable proportionate part of any taxes on governmental impositions which may be

APPROVED FOR FILING
DECISION #: 62759

Date Effective: July 27, 2000

Authority: ACC Decision No. 62759

ELECTRIC RATES

CITIZENS UTILITIES COMPANY

Original Sheet No. 16

Filed by: Carl Dabelstein

Mohave and Santa Cruz Counties, Arizona

LARGE GENERAL SERVICE (LGS) (continued)

assessed on the basis of gross revenue of the Company and/or the price, or revenue from, the electric energy sold, and/or the volume of electric energy generated or purchased for sale and/or sold hereunder.

DETERMINATION OF BILLING DEMAND**ORIGINAL****Normal service**

If the time-of-use option is not chosen, the monthly billing demand shall be the highest measured fifteen-minute integrated reading of the demand meter during the billing month.

Time-of-Use

If time-of-use service is chosen, the monthly billing demand shall be the higher of:

- (i) the highest measured fifteen-minute integrated reading of the demand meter during the on-peak hours of the billing period,
- (ii) one-half the highest measured fifteen-minute integrated reading of the demand meter during the off-peak hours, or
- (iii) the contract capacity.

ON-PEAK HOURS

During the months of May through October, on-peak hours are those hours between 11:00 a.m. and 10:00 p.m. each day, Monday through Saturday. All other hours shall be considered off-peak hours.

During the months of November through April, on-peak hours are those hours between 7:00 a.m. and 7:00 p.m. each day, Monday through Friday. All other hours shall be considered off-peak hours.

APPROVED FOR FILING

DECISION #: 62759

Date Effective: July 27, 2000Authority: ACC Decision No. 62759

ELECTRIC RATES
CITIZENS UTILITIES COMPANY Original Sheet No. 17
Filed by: Carl Dabelstein Mohave and Santa Cruz Counties, Arizona

LARGE GENERAL SERVICE (LGS) (continued)

TERMS AND CONDITIONS

ORIGINAL

This rate is subject to the general rules and regulations of the Company on file with the Arizona Corporation Commission, which are made a part hereof.

Standby or breakdown service shall not be rendered under this rate except for Qualifying Facilities or Independent Power Producers that have entered into a Service or Purchase Agreement with the Company.

Customers who qualify for service under this tariff must remain on the tariff for a twelve-month period, unless, in the judgement of the Company, conditions require a different strategy or approach.

A delayed payment charge as stated in the general rules and regulations will be applied to account balances carried forward from prior billings.

Service under this schedule is for the exclusive use of the Customer and shall not be resold or shared with others, unless authorized by the Company.

APPROVED FOR FILING

DECISION #: 62759

Date Effective: July 27, 2000

Authority: ACC Decision No. 62759

Filing Utility: Citizens Communications Company

Other Party: Mohave Electric Cooperative

Description: Sales Service

Issued by: Thomas J. Ferry
Vice President and General Manager, AED.
Issued on: March 3, 2003

Effective: May 3, 2003

**POWER SALE AGREEMENT
BETWEEN
CITIZENS COMMUNICATIONS COMPANY, ARIZONA ELECTRIC DIVISION,
AND
MOHAVE ELECTRIC COOPERATIVE**

This Agreement ("Agreement") is entered into by and between Citizens Communications Company, Arizona Electric Division ("AED") and Mohave Electric Cooperative ("MEC"). AED and MEC are sometimes individually referred to as a "Party" and are collectively referred to as the "Parties."

1. AGREEMENT

- 1.1 The Parties are entering into this Agreement to provide for the sale of electric energy by AED to MEC for resale, and to establish the rates, terms and conditions for such service. In consideration of the mutual covenants and promises herein set forth, the Parties agree as follows:

2. EFFECTIVE DATE AND TERM

- 2.1 This Agreement is effective on the earlier of May 2, 2003 or the effective date established by the Federal Energy Regulatory Commission. This Agreement shall remain in full force and effect unless terminated upon thirty days' advance written notice by the terminating Party to the other Party.

3. INITIAL RATES, BILLING DETERMINANTS AND ESCALATION OF THE INITIAL RATE

- 3.1 For firm energy and capacity supplied by AED to MEC under this Agreement, MEC shall pay AED an initial rate consisting of the following components. The initial rate shall apply during the period extending from the date this Agreement becomes effective (the "Base Period") through the immediately following June 30.

- (i) a Customer Charge of \$9.74;
- (ii) a Demand Charge of \$6.41 per kW-month; and
- (iii) an Energy Charge of \$0.07976 per kWh.

The Customer Charge shall apply on a monthly basis. The Demand Charge shall apply to MEC's highest measured 15-minute integrated reading of the demand meter during the billing month. The Energy Charge shall apply to the total quantity of kWh's delivered to the Point of Delivery.

For service provided during years subsequent to the Base Period, the following components (and subcomponents) of the initial rate shall be subject to annual

adjustment, based on the methodology set forth below. Rate adjustments shall take effect on July 1 of each year after the Base Period. The Adjustment Date shall be the previous June 1.

- (i) the Customer Charge component shall be annually adjusted by applying to the initial Customer Charge the ratio of (i) the average Customer Charge for the retail LGS rate class in effect during the previous calendar year; to (ii) the Customer Charge for the retail LGS rate class in effect during the Base Period.
- (ii) the following components of the initial Demand Charge of \$6.41 per kW-month shall be annually adjusted as follows:
 - (a) the initial WAPA transmission demand component of \$1.00 per kW-month shall be adjusted to reflect the WAPA transmission rate in effect as of the Adjustment Date.
 - (b) the initial transmission demand component of \$1.47 per kW-month for transmission over Citizens' transmission system shall be adjusted to reflect the effective transmission rate on the Adjustment Date under the AED Open Access Transmission Tariff.
 - (c) the distribution demand component for delivery over Citizens' distribution system shall be adjusted by multiplying the initial Distribution Demand Charge of \$3.94 per kW-month by the ratio of (i) the final Producer Price Index for Finished Goods ("PPI-FG"), seasonally adjusted, during the previous calendar year; to (ii) the final PPI-FG, seasonally adjusted, during the calendar year prior to the year this Agreement becomes effective.
- (iii) the following components of the initial Energy Charge of \$0.07976 per kWh shall be annually adjusted as follows:
 - (a) the initial Purchased Power component of \$0.06526 per kWh shall be adjusted to reflect actual, average Purchased Power costs incurred during the previous calendar year. The calculation of the adjusted Purchased Power rate shall be based on the same methodology as the initial Purchased Power rate. The initial Purchased Power rate equals the average price of power purchased by AED, adjusted for losses on AED's Mohave Transmission System and AED's distribution system.
 - (b) The initial distribution energy component of \$0.0145 per kWh shall be annually adjusted on the basis of the same methodology as set forth above for the Distribution Demand Charge.

- 3.2 MEC shall purchase energy under this Agreement solely to serve its current retail customers. MEC shall not purchase energy under this Agreement to serve any additional retail load that MEC may serve in the future. MEC's maximum demand under this Agreement shall be 1 MW.

4. POINT OF DELIVERY

- 4.1 The Point of Delivery of energy under this Agreement shall be the primary voltage meter on the distribution voltage tap served from Citizens' distribution feeder near North Star Steel Plant near Kingman, Arizona.

5. BILLING AND PAYMENT

- 5.1 AED shall furnish MEC with a written invoice reflecting charges due, on or before the fifteenth day of each calendar month following the month in which delivery of the energy to MEC occurred. Bills shall be sent by facsimile and by US mail. Bills shall be deemed to be received on the day sent by facsimile.

- 5.2 All invoices shall be due and payable by the later of the twentieth of the calendar month in which the invoice is received or ten calendar days after receipt of the invoice. If the due date falls on a weekend or bank holiday, then the due date shall be on the first subsequent banking day. Amounts not paid by the due date shall be payable with interest accrued at the rate of one percent per month from the due date to the date of payment.

- 5.3 In the event any portion of any bill is disputed, the disputed amount shall be paid when due under protest. If the disputed portion of the bill is found to be incorrect, AED shall promptly refund to MEC any amount due, including interest accrued on such amount due for each calendar day from the date of payment by MEC to the date the refund is made by AED. The interest rate shall be at the rate specified in Article 5.2.

- 5.4 AED shall send bills to:

By facsimile:

Mohave Electric Cooperative
Attn: Thomas Longtin, Operations Manager
Fax No.: *TO BE INSERTED*

By US mail:

Mohave Electric Cooperative
1999 Arena Drive
Bullhead City, AZ 86442
Attn: Thomas Longtin, Operations Manager

6. NOTICES AND MISCELLANEOUS PROVISIONS

- 6.1 Any notice or request made to or by either Party regarding this Agreement shall be made to the representative of the other Party as indicated below.

AED:

Citizens Communications Company
P.O. Box 3099
Kingman AZ 86402
2498 Airway Avenue
Kingman, AZ, 86401
Attn: General Manager

MEC:

Mohave Electric Cooperative
1999 Arena Drive
Bullhead City, AZ 86442
Attn: Thomas Longtin, Operations Manager

- 6.2 No Party shall be considered to be in default of any of its obligations under this Agreement, except to make payment as specified in this Agreement, when a failure of performance is due to an uncontrollable force. The term "uncontrollable force" means any cause beyond the control of the Party affected, including but not restricted to failure of or threat of failure of facilities, flood, drought, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it has been unable to overcome. No Party shall, however, be relieved of liability for failure of performance if such failure is due to causes arising out of its own negligence or due to removable or remediable causes which it fails to remove or remedy within a reasonable time period. Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved. Any Party rendered unable to fulfill any of its obligations under this Agreement by reason of an uncontrollable force shall give prompt written notice of such fact to the Parties and shall exercise due diligence to remove such inability within a reasonable time period.
- 6.3 Any waiver at any time by any Party of its rights with respect to a default under this Agreement, or any other matter under this Agreement, shall not be deemed a waiver with respect to any subsequent default of the same or any other matter.

- 6.4 Neither Party, its directors, officers or employees, shall have any liability to the other Party, for any death or injury to person or damage to property, or for any incidental, special, or consequential damages (including, but not limited to, loss of use, expenses involving costs of capital, loss of earnings or revenues, and the cost of purchased or replacement power) which may occur or result from the performance or non-performance of this Agreement, unless it is proven that such injury or damage resulted from the willful action or negligence of the other Party. Each Party shall be solely responsible for payment of claims to its employees and agents for any deaths or injuries occurring in connection with their employment or arising out of any worker's compensation law.
- 6.5 Nothing in this Agreement shall restrict the rights of either Party to file with the FERC under Section 205 or Section 206 of the Federal Power Act. Notwithstanding the prior sentence, MEC agrees not to protest the filing of this Agreement with the FERC, and agrees further not to file a complaint under the Federal Power Act concerning the rates, terms, conditions, or any other aspect of the sales service provided by AED to MEC prior to the effective date of this Agreement.
- 6.6 This Agreement inures to the benefit of and binds the Parties and their respective successors and assigns.
- 6.7 This Agreement may not be assigned, transferred or delegated, in whole or in part, by a Party, except to a transferee of the electrical assets owned or operated by such Party, without the written consent of the other Party, which consent shall not be unreasonably delayed or withheld.
- 6.8 This Agreement shall not be construed to create rights in, or to grant remedies to, any third party as a beneficiary of this Agreement or of any duty, obligation or undertaking established in this Agreement.
- 6.9 This Agreement shall constitute the full and complete agreement of the Parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement may not be altered or amended, except by a written document signed by both Parties.
- 6.10 The headings in this Agreement are for purposes of reference only and shall not affect the meaning of any provision of this Agreement.
- 6.11 This Agreement may be executed in any number of counterparts, and upon execution and delivery by each Party, all executed and delivered counterparts together shall have the same force and effect as an original instrument as if each Party had signed the same instrument.
- 6.12 This Agreement is governed by federal law, and to the extent not preempted by federal law, the laws of Arizona.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials.

AED:

By:

Thomas J. Ferry
V.P. & General Manager

Date

MEC:

By:

Date

CITIZENS COMMUNICATIONS COMPANY

Rate Schedule No. 46

Exhibit 3
Page 1 of 2

Analysis of the Effect of the Rate Schedule Change on Mohave Electric Cooperative Based on Billing Data for the Period January-December 2002

Month	kWh	kW	Charges Under Existing Rate				Charges Under Proposed Rate				Revenue Change
			Capacity Charge	Energy Charge	Customer Charge	Total Charge	Capacity Charge	Energy Charge	Customer Charge	Total Charge	
January	26,400	138	\$ 1,311.00	\$ 1,407.12	\$ 10.10	\$ 2,728.22	\$ 884.58	\$ 2,105.58	\$ 9.74	\$ 2,999.90	\$ 271.68
February	29,400	138	\$ 1,311.00	\$ 1,567.02	\$ 10.10	\$ 2,888.12	\$ 884.58	\$ 2,344.85	\$ 9.74	\$ 3,239.17	\$ 351.05
March	18,000	114	\$ 1,083.00	\$ 959.40	\$ 10.10	\$ 2,052.50	\$ 730.74	\$ 1,435.63	\$ 9.74	\$ 2,176.11	\$ 123.61
April	16,200	102	\$ 969.00	\$ 863.46	\$ 10.10	\$ 1,842.56	\$ 653.82	\$ 1,292.06	\$ 9.74	\$ 1,955.62	\$ 113.06
May	15,000	84	\$ 798.00	\$ 799.50	\$ 10.10	\$ 1,607.60	\$ 538.44	\$ 1,196.35	\$ 9.74	\$ 1,744.53	\$ 136.93
June	18,000	96	\$ 912.00	\$ 959.40	\$ 10.10	\$ 1,881.50	\$ 615.36	\$ 1,435.63	\$ 9.74	\$ 2,060.73	\$ 179.23
July	16,800	96	\$ 912.00	\$ 895.44	\$ 10.10	\$ 1,817.54	\$ 615.36	\$ 1,339.92	\$ 9.74	\$ 1,965.02	\$ 147.48
August	17,400	98	\$ 931.00	\$ 927.42	\$ 10.10	\$ 1,868.52	\$ 628.18	\$ 1,387.77	\$ 9.74	\$ 2,025.69	\$ 157.17
September	20,400	96	\$ 912.00	\$ 1,087.32	\$ 10.10	\$ 2,009.42	\$ 615.36	\$ 1,627.04	\$ 9.74	\$ 2,252.14	\$ 242.72
October	16,200	96	\$ 912.00	\$ 863.46	\$ 10.10	\$ 1,785.56	\$ 615.36	\$ 1,292.06	\$ 9.74	\$ 1,917.16	\$ 131.60
November	19,200	108	\$ 1,026.00	\$ 1,023.36	\$ 10.10	\$ 2,059.46	\$ 692.28	\$ 1,531.33	\$ 9.74	\$ 2,233.35	\$ 173.89
December	18,000	108	\$ 1,026.00	\$ 959.40	\$ 10.10	\$ 1,995.50	\$ 692.28	\$ 1,435.63	\$ 9.74	\$ 2,137.65	\$ 142.15
			\$ 12,103.00	\$ 12,312.30	\$ 121.20	\$ 24,536.50	\$ 8,166.34	\$ 18,423.86	\$ 116.88	\$ 26,707.08	\$ 2,170.58

CITIZENS COMMUNICATIONS COMPANY

Rate Schedule No. 46

Analysis of the Effect of the Rate Schedule Change on Mohave Electric Cooperative Based on Projected Data for the Period May 2003-April 2004

Exhibit 3
Page 2 of 2

			Charges Under Existing Rate				Charges Under Proposed Rate				
Month	kWh	kW	Capacity Charge	Energy Charge	Customer Charge	Total Charge	Capacity Charge	Energy Charge	Customer Charge	Total Charge	Revenue Change
May	15,000	84	\$ 798.00	\$ 799.50	\$ 10.10	\$ 1,607.60	\$ 538.44	\$ 1,196.35	\$ 9.74	\$ 1,744.53	\$ 136.93
June	18,000	96	\$ 912.00	\$ 959.40	\$ 10.10	\$ 1,881.50	\$ 615.36	\$ 1,435.63	\$ 9.74	\$ 2,060.73	\$ 179.23
July	16,800	96	\$ 912.00	\$ 895.44	\$ 10.10	\$ 1,817.54	\$ 615.36	\$ 1,339.92	\$ 9.74	\$ 1,965.02	\$ 147.48
August	17,400	98	\$ 931.00	\$ 927.42	\$ 10.10	\$ 1,868.52	\$ 628.18	\$ 1,387.77	\$ 9.74	\$ 2,025.69	\$ 157.17
September	20,400	96	\$ 912.00	\$ 1,087.32	\$ 10.10	\$ 2,009.42	\$ 615.36	\$ 1,627.04	\$ 9.74	\$ 2,252.14	\$ 242.72
October	16,200	96	\$ 912.00	\$ 863.46	\$ 10.10	\$ 1,785.56	\$ 615.36	\$ 1,292.06	\$ 9.74	\$ 1,917.16	\$ 131.60
November	19,200	108	\$ 1,026.00	\$ 1,023.36	\$ 10.10	\$ 2,059.46	\$ 692.28	\$ 1,531.33	\$ 9.74	\$ 2,233.35	\$ 173.89
December	18,000	108	\$ 1,026.00	\$ 959.40	\$ 10.10	\$ 1,995.50	\$ 692.28	\$ 1,435.63	\$ 9.74	\$ 2,137.65	\$ 142.15
January	26,400	138	\$ 1,311.00	\$ 1,407.12	\$ 10.10	\$ 2,728.22	\$ 884.58	\$ 2,105.58	\$ 9.74	\$ 2,999.90	\$ 271.68
February	29,400	138	\$ 1,311.00	\$ 1,567.02	\$ 10.10	\$ 2,888.12	\$ 884.58	\$ 2,344.85	\$ 9.74	\$ 3,239.17	\$ 351.05
March	18,000	114	\$ 1,083.00	\$ 959.40	\$ 10.10	\$ 2,052.50	\$ 730.74	\$ 1,435.63	\$ 9.74	\$ 2,176.11	\$ 123.61
April	16,200	102	\$ 969.00	\$ 863.46	\$ 10.10	\$ 1,842.56	\$ 653.82	\$ 1,292.06	\$ 9.74	\$ 1,955.62	\$ 113.06
Total			\$ 12,103.00	\$ 12,312.30	\$ 121.20	\$ 24,536.50	\$ 8,166.34	\$ 18,423.86	\$ 116.88	\$ 26,707.08	\$ 2,170.58

A Citizens Energy Services Company
2901 W. Shamrock Blvd., Suite 110
Flagstaff, Arizona 86001
928.774.4592



December 30, 2002

Mr. Dennis Beals
Pinnacle West Capital Corporation
PO Box 5399
MS 9860
Phoenix, AZ 85072-3999

Dear Dennis:

The purpose of this letter is to clarify the agreement whereby Pinnacle West Capital Corporation ("PWCC") agrees not to dispute the wholesale sale by Citizens Arizona Electric Division ("Citizens") to the Mohave Electric Cooperative ("MEC") under the June 1, 2001 Power Sale Agreement ("PSA") between our companies. As you know, the PSA governs the "sale and purchase of Buyer's Full Load Requirements," where such requirements are limited, per definitions in Exhibit A to the PSA, to those of "retail customers in the current geographic and service areas" served by Citizens. As described below, the subject load is within the MEC service area but served from Citizen's distribution system, and would be governed through a wholesale sales transaction between Citizens and MEC. Accordingly, Citizens does not believe in this instance that the above is prevented by the retail-requirements limitation of the PSA for this, and only this MEC transaction. The transaction between Citizens and MEC would be governed by a separate agreement subject to approval by the Federal Energy Regulatory Commission. PWCC will not object to allowing Citizens to proceed accordingly. However, PWCC reserves all rights and obligations under the PSA.

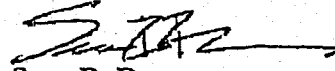
The subject load, located near North Star Steel in Kingman, Arizona, is isolated MEC retail load with no other alternative source of supply. MEC constructed a short primary extension to serve one or two small retail customers located in service territory that Citizens previously transferred to MEC. Peak load requirements are estimated to be no higher than 200 kW with annual usage of approximately 250 MWh. The enclosed sketch shows the 69kV and distribution lines associated with this load. Citizens receives its power from PWCC over 230 kV Western Area Power Administration ("WAPA") facilities at the Griffith Substation. Between the Griffith and South Kingman substations the operating voltage is 69 kV. The voltage of the distribution line from South Kingman to the MEC tap is 13.2 kV.

Please indicate by signing below PWCC's agreement to allow purchases under the PSA to serve the wholesale sales transactions described above. Two original copies of this

letter are enclosed. Please sign both, retain one copy for your files and return one copy to me.

Thank you for your cooperation in this matter.

Sincerely,



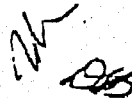
Sean R. Breen
Director, Energy Supply
Arizona Electric

Pinnacle West Capital Corporation concurs with the above.

Signed: Steve Meadams, Date: 01/08/03

Name: STEVE MEADAMS

Title: CONTRACTS MANAGER ---



UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Citizens Communications Company

)

Docket No. ER03-____-000

NOTICE OF FILING

(March __, 2003)

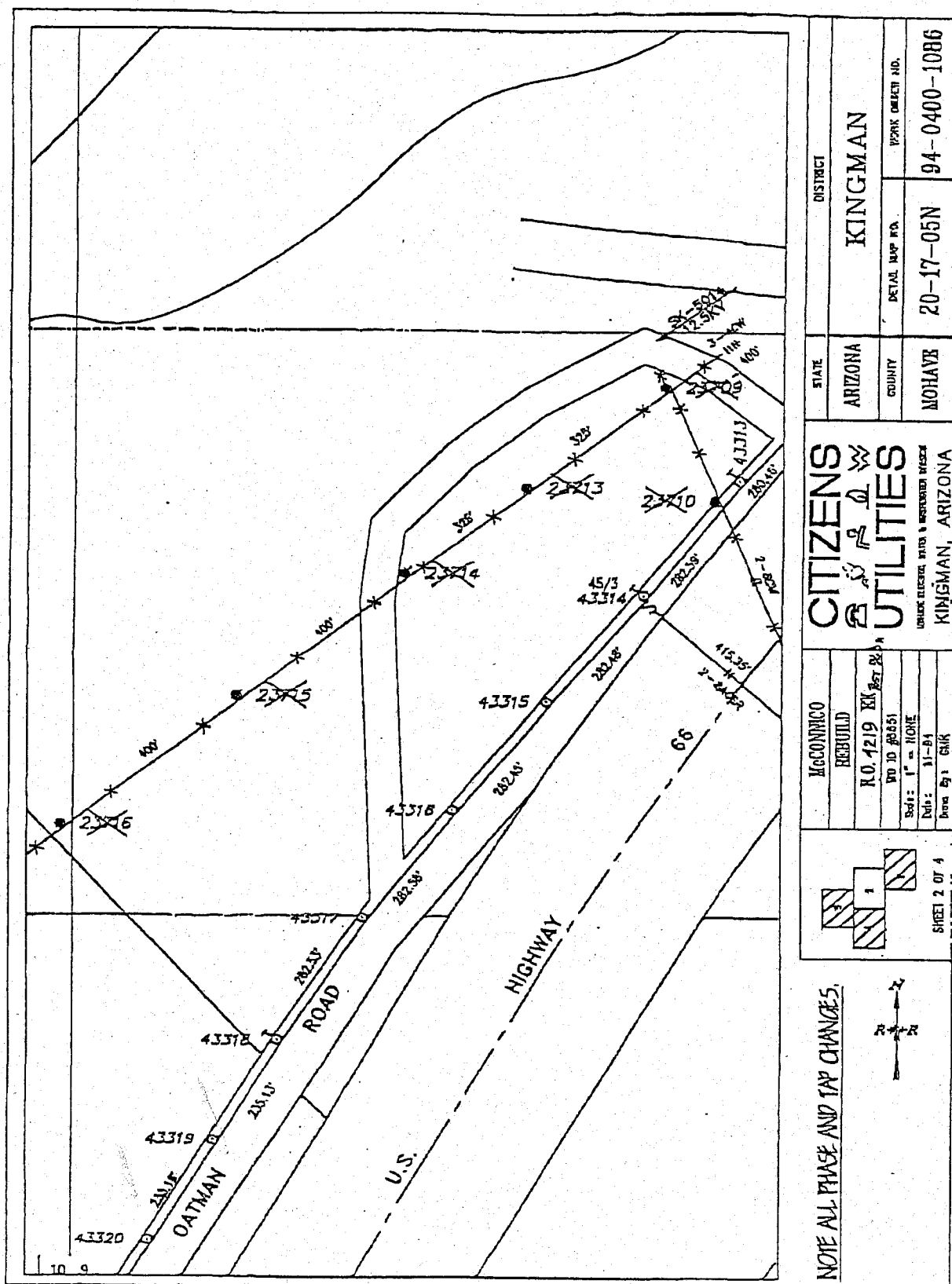
Take notice that on March 3, 2003, Citizens Communications Company ("Citizens") tendered for filing in Docket No. ER03-____-000, Rate Schedules 45 and 46 applicable to sales-for-resale service to Mohave Electric Cooperative.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the "FERRIS" link. Enter the docket number excluding the last three digits in the docket number filed to access the document. For assistance, contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: March __, 2003

Magalie R. Salas
Secretary

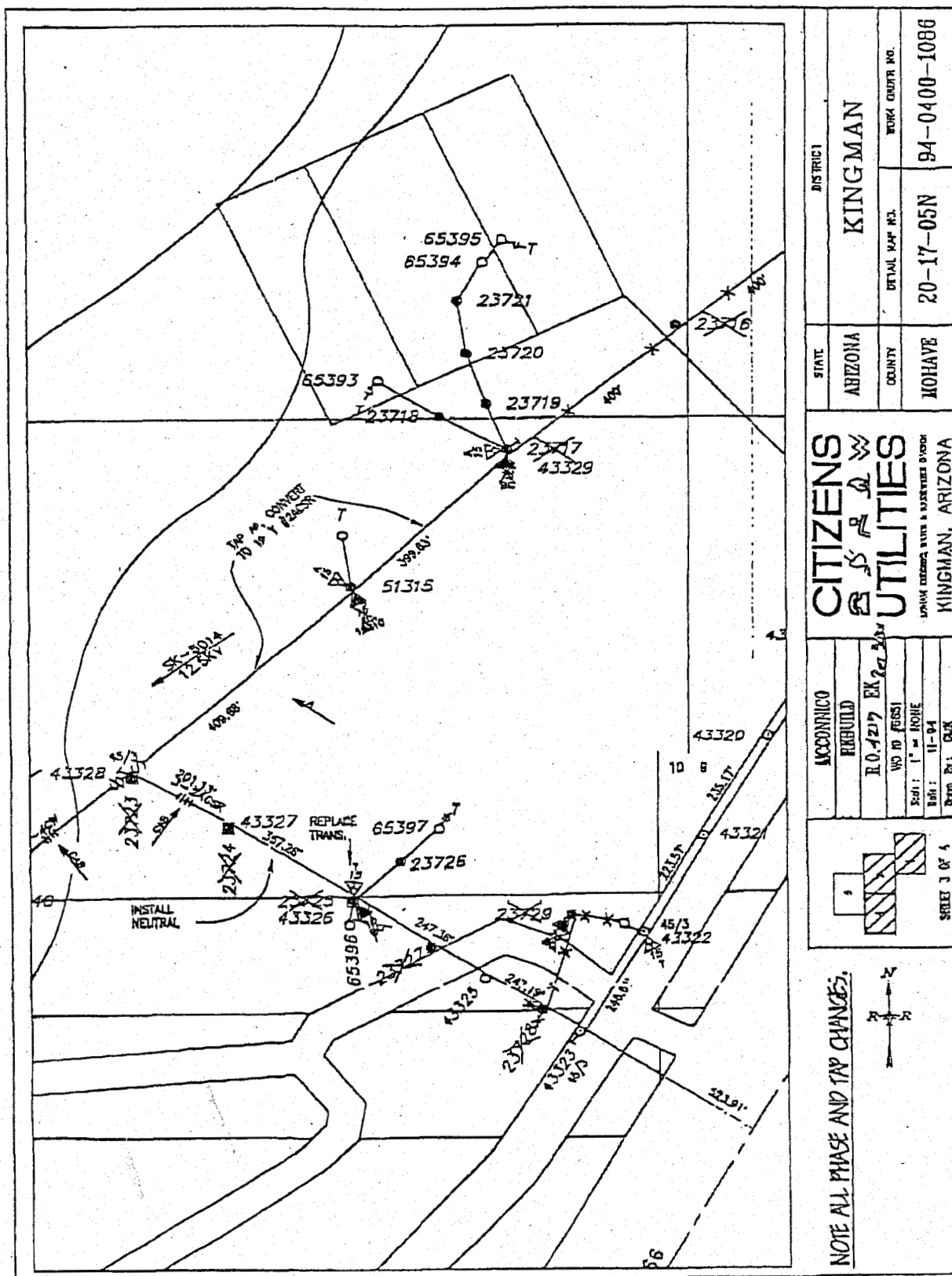




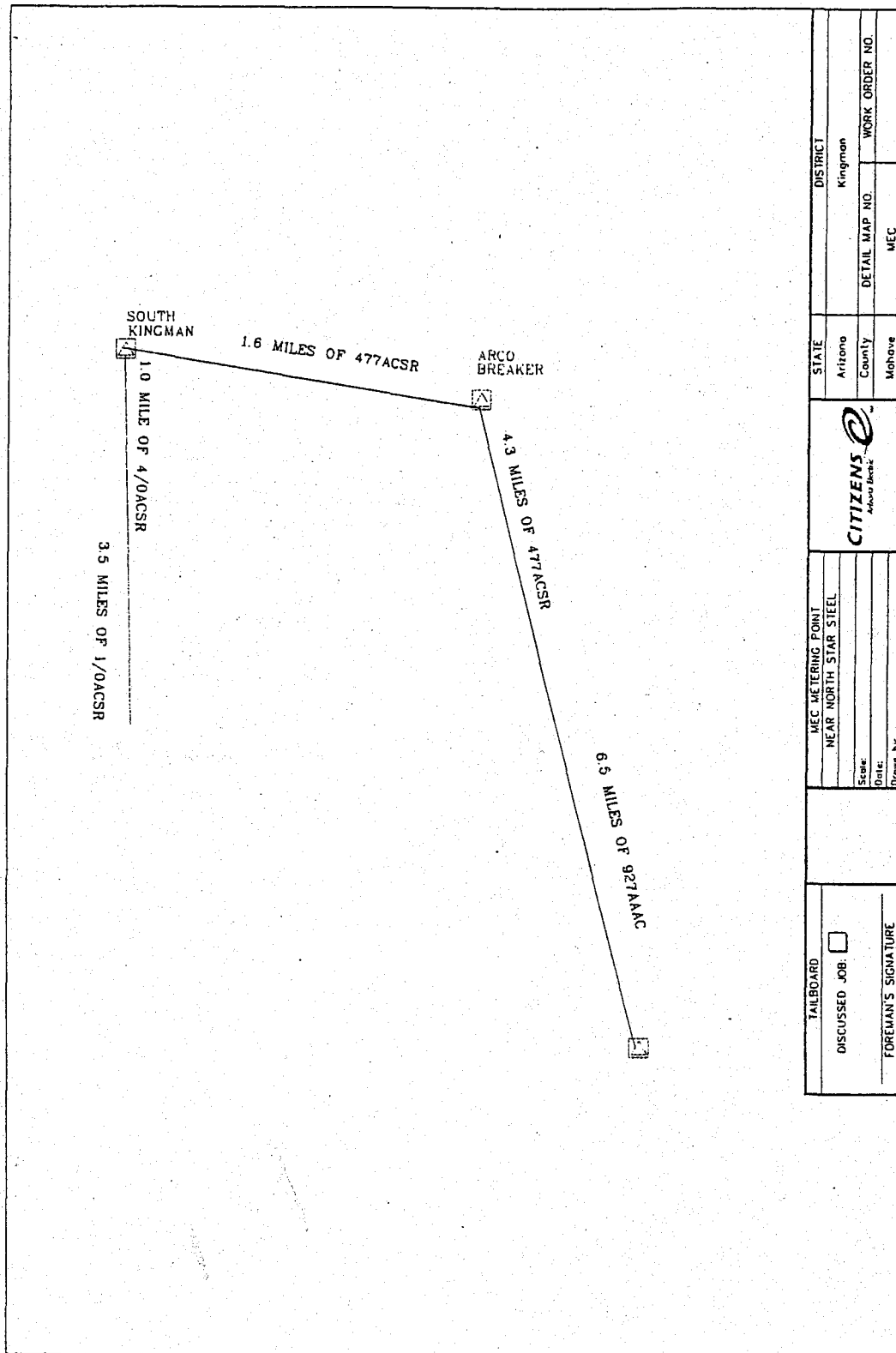
Feb-06-03 12:37pm From-CITIZENS DISTRI, ENGINEERING

8286814120

T-99Z P.11/12 F-B50







CITIZENS ARIZONA ELECTRIC		DISTRICT Kingman		WORK ORDER NO.	
STATE Arizona	COUNTY Mohave	DETAIL MAP NO.		MEC	
MEC METERING POINT NEAR NORTH STAR STEEL		Scale: Date: Drawn by:			
TAILBOARD DISCUSSED JOB <input type="checkbox"/>		FOREMAN'S SIGNATURE			

CITIZENS COMMUNICATIONS COMPANY
Rate Schedule No. 46
Summary Statement of Costs

Exhibit 7

	Existing Rate	Proposed Rate
Customer Charge (\$/month)		
Must Run Generation	\$0.13	\$0.00
Transmission	\$0.24	\$0.00
Distribution	\$2.22	\$2.22
Metering	\$2.89	\$2.89
Meter Reading	\$1.03	\$1.03
Billing	\$2.36	\$2.36
Customer Service	\$1.24	\$1.24
Total	\$10.10	\$9.74

Demand Charge (\$/kW/month)
Generation Service
Must Run Generation
Transmission
WAPA Transmission
AED OATT Rate
Distribution
Total

Energy Charge (\$/kWh)
Purchased Power
Purchases from PWCC
Loss factor
Purchased Power Cost
Distribution
Total

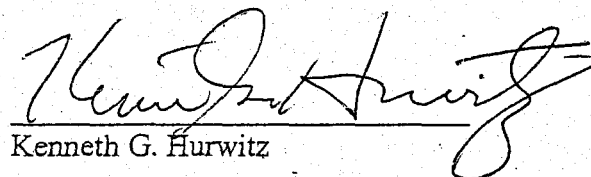
	\$0.05879
	9.91%
	\$0.06526
	\$0.01450
	\$0.07976

	\$0.05330
	\$0.05330
	\$6.41

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by first class mail upon each person listed below, in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Washington, D.C., this 3rd day of March, 2003.



Kenneth G. Hurwitz

Thomas Longtin
Operations Manager
Mohave Electric Cooperative
1999 Arena Drive
Bullhead City, AZ 86442

Ernest Johnson
Director of Utilities
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Robert E. Broz
Executive Vice President/General Manager
Mohave Electric Cooperative
1999 Arena Drive
Bullhead City, AZ 86442

Brian McNeil
Executive Secretary
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007



P.O. Box 1045, Bullhead City, AZ 86430

September 12, 2004

CERTIFIED MAIL

Mr. Tom Ferry
UniSource Energy
2498 Airway Avenue
Kingman, Arizona 86401

Re: Request for Wholesale Service Under Open Access
Transmission Tariff ("OATT")

Dear Mr. Ferry:

Mohave Electric Cooperative, Inc. requests that UniSource render wholesale electric service availability to Mohave Electric under the UniSource OATT, with service to be provided at the following location.

The location for receipt of service would be: the primary metering point at Unisource pole number 38981, located in the SE 1/4, Section 5, T20N, R17W, 229 feet from SE corner of Section 5 on a bearing of N 09° 17' 54" W. Primary voltage is 7.2/12.47 kV.

Please contact me with a proposed form of contract under the OATT and with the steps you wish to take pursuant to your OATT to complete a filing with FERC in Washington, D.C. to secure approval of the contract.

Sincerely,

MOHAVE ELECTRIC COOPERATIVE, INC.

By Thomas Longtin
Thomas Longtin, Manager of Operations and Engineering

cc: File
General Counsel

Exhibit 3

249K Airway Avenue
P.O. Box 3099
Kingman, Arizona 86402-3099
928.681.4100

UniSourceEnergy SERVICES

October 6, 2004

Mr. Thomas Longtin
Operations Manager
Mohave Electric Cooperative
1999 Arena Drive
Bullhead City, AZ 86442

RE: Request for Service Pursuant to Federal Energy Regulatory Commission [FERC]
Open Access Transmission Tariff [OATT].

Dear Mr. Longtin:

UNS Electric, Inc. (UNS) received your letter dated, September 12, 2004, which requested that UNS provide wholesale service under our Open Access Transmission Tariff [OATT]. However, additional information is necessary to process such a request, such as the point(s) of delivery and the maximum amount of capacity and energy to be transmitted. Agreements for Service pursuant to our OATT can be accessed through the OASIS website, www.westtrans.net.

UNS also received a request for electric service from Central Trucking, Inc. (CTI) in the same geographical area that is referenced in your September 12th letter. CTI has requested service at the property located within Section 5 Township 20 North, Range 17 West, Mohave County (the Subject Area). Originally, this property was a part of Citizens' Certificate of Convenience and Necessity [CC&N]. In May 1994, Citizens entered into a Letter Agreement with Mohave Electric Cooperative (MEC) in which Citizens consented, subject to certain conditions, to have MEC serve the retail load of North Star Steel Company (North Star). One of the conditions to which MEC agreed was that if North Star unilaterally terminated its electric service, the CC&N transferred by Citizens to MEC would automatically revert to Citizens. The Corporation Commission order that approved the CC&N transfer specified that Commission approval was necessary before such a reversion would be valid. Another condition of the Letter Agreement was that MEC would serve only North Star and would not extend service to other customers.

As you know, North Star's steel plant ceased operations in 2002. At that time, UniSource Energy Corporation (UES) was in the process of acquiring Citizen's Arizona electric and natural gas divisions. That transaction was finalized in August 2003, and two separate entities, UNS Electric, Inc. and UNS Gas, Inc. were formed. UNS stepped

EXHIBIT 4

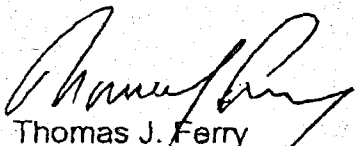
Mr. Thomas Longtin
Mohave Electric Cooperative
Page 2

into the shoes of Citizens in regard to this matter, and is preparing the necessary documents to obtain Commission approval to reclaim its CC&N territory.

In order to provide much-needed electric service to CTI as quickly as possible, we are proposing that UNS and MEC enter into an Electric Service Authorization Agreement, and file it with the Arizona Corporation Commission for approval, so that UNS can provide electric service to CTI expeditiously.

Please don't hesitate to call me at 928-681-8901 if there are any questions regarding the above.

Sincerely,



Thomas J. Ferry
Vice President & General Manager

cc: Dennis Nelson
Deb Scott
Janie Woller, ACC

October 18, 2004

RE: Electric Service, Central Trucking Terminal Kingman, Arizona

Janie Woller
Arizona Corporation Commission
Unisource Electric
Federal Energy Regulatory Commission

Subject: Utility Service

Dear Janie,

We are pleading with the Arizona Corporation Commission to step in and force a decision to be made concerning our power situation. On Friday October 15, 2004, Keith Roberts, CEO of Central Trucking spoke with Steve McArthur about the installation of new power lines and the total was \$600,000.00. This is because Unisource will not give Mohave a borderline agreement.

In summary, Unisource wants this territory and is holding Mohave at a ransom to provide service to us. We are tired of being caught in the middle of a territory struggle. We cannot afford to run new lines at the cost of \$600,000.00. Honestly, we do not care who provides us power. Can the Arizona Corporation Commission step in and force a borderline agreement or change the territory so that Unisource can provide us power. What can you do?

Sincerely,

Geneva Davis

Geneva Davis

Controller
CTI

Cc Mohave
Unisource

EXHIBIT

5